

ECOLOGY AND TAXATION

A HOLISTIC STRATEGY FOR ENVIRONMENTAL SECURITY

BY FRED HARRISON

TRADITIONALLY, people respected nature, the community and the individual. This was a holistic relationship. It was sustained by a sophisticated set of rights to land linked to the correct system for financing the public sphere of life.

The abuse of nature stems from the same forces that encourage us to abuse our communities and to abuse people. My analysis of past mistakes applies to both capitalist and communist societies. The difference is one of scale only.

We cannot solve the ecology crisis if we do not develop a plan for the comprehensive renewal of civil society. This plan must include the restoration of the rights of every citizen.

PROGNOSIS. We have lost the traditional understanding of the intimate connection between ecological security, social harmony and individual liberty. Taking into account the laws and attitudes of modern society, we can say that members of the CIS will fail to develop a plan for rescuing their environment from further degradation. Because of the economic crisis in your countries, we can expect a deepening of the environmental crisis. This will correspond with the further loss of civil liberties of the citizen.

Can the problem be solved? Yes. There is no mystery about the mechanism that provides the

MEMBERS of the Commonwealth of Independent States - ten republics of the former USSR, excluding the Baltic countries - met for a top-level conference on the environmental crisis on March 1.

The CIS Interparliamentary Assembly's ecology committee is searching for solutions to the damaging Soviet legacy. Senior government ministers were addressed by three members of the European Parliament and Fred Harrison of London's Land Policy Council.

The conference was held in the palace used by the Duma in St. Petersburg before the 1917 revolution. We print here an edited version of the speech by Fred Harrison.

solution.

Can the problem be solved in time? Yes, if you adopt the correct policies.

Are there a range of policy options from which to choose? No. There is one policy only that offers the comprehensive solution. This policy integrates the needs of the environment with the needs of society and the needs of the individual.

What is that policy? Everyone must pay for the benefits they receive from the use of land. If they extract minerals from the earth, they must pay rent. If they pollute the air, the river, the ocean, they must pay rent. They are using those resources of nature as dumping grounds, and that dumping ground should not be treated as free.

What is the general model for achieving this?

First, the framework is the free market. It is in the market that rents are freely set by people who compete for the use of land.

Second, no-one should be allowed to use any part of nature without paying the market rent.

Third, the rent of land must be socialised. This means that, as people compete in the market, the more rent they offer the more revenue is received by the government.

This third point serves two main purposes:

- * it provides the financial incentive not to damage the environment. The less you damage, the less you pay. As users become more efficient, they reduce the rate at which they deplete scarce resources. This pricing system is the most effective policy for conservation.

- * socialised rent provides the money - the natural fund - from which to clean up the damage of the past. Investment in good ecological practises raises the rent of land, especially the rent of locations in cities. This in turn increases public revenue. The adoption of sustainable ecological practices also improves the quality of the social environment. This reduces social and economic problems which in turn reduces the tendency to abuse nature.

An example: paying rent for land removes the financial basis of land speculation. This leads to compact cities rather than the urban sprawl that characterises the modern city, which eat up fertile food-growing land and creates the kind of transport system that pollutes the air.

The historical lesson: if you have a rational social and economic policy, you also have a rational ecological policy. We can put it the other way round: you cannot have a rational ecological policy if it is not also a rational social and economic policy.

Question: will the CIS members adopt the rational policy? No. Why? Because you want to copy the system of property rights and taxation that we employ in the West.

Conclusion: history shows that the great civilizations disappeared as a result of ecological crises. We need not suffer that fate. We know what is the correct policy, and how to implement it. But the people who control society are the ones who control land. They make money from the practices that have, as side effects, the destruction of ecological security. So they will continue to put our societies at risk.

China and members of the CIS have the best political opportunity to adopt the correct policies. This is because you abolished the power of the landlord class. But today you are challenged by the ideological power of the West. Russia, in particular, is being forced by western financiers to adopt the system of public finance that encourages damage to the environment.

But the pressure to privatise rent is not coming exclusively from the West. There are internal pressures from the bureaucracies to create monopoly control over land. This monopoly power was described by Winston Churchill in 1910 in these terms: "Land monopoly is the mother of all monopolies". It is the main weapon used by landowners to abuse the community and the environment.

The optimum solution involves the restructuring of taxation. It involves reserving the rent of land as public revenue and removing taxes from wages and profits. This one tax policy simultaneously provides the maximum incentive to invest in the production of new wealth and reduce damage to the environment.

Western politicians pay lip service to the need to create

new jobs, increase productivity and protect the environment. In practice, they promote tax policies that have the opposite effect.

In Russia, the laws and decrees that define payments for the use of land transfer the largest part of rents to private users. The people who benefit include the so-called "managers" in the public sector. This is larceny on the grandest historical scale.

Unless you have the wisdom to challenge the West's philosophy of taxation, and the courage to adopt the correct policy, you are all wasting your time today. You might as well retire to your dachas, enjoy your private lives and not worry about ecological security.

DECLARATION on the Philosophic and Moral Basis of Property in Land:
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ГОСУДАРСТВ—УЧАСТНИКОВ
СОДРУЖЕСТВА НЕЗАВИСИМЫХ ГОСУДАРСТВ

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КОНФЕРЕНЦИЯ**

Проблемы охраны окружающей среды
в государствах Содружества