

## LVT Seen as Crucial to Post-Communist Economy

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Earlier Prof. Bronshtein told the conference that he had calculated land rent for over 30 years. "We have the theory," said he, "but no practice." In his estimation, the sale of 15 per cent of the land could yield enough revenue to cover government costs and pay off their national debt. There are problems with privatization however. How is the value of land to be determined? Who owns the office buildings and apartments in Moscow and other cities? Does the government have a right to sell what it took without compensation? Compensation to satisfy previous owners would reduce the treasury to zero and require new taxes.

A panel of land tax experts, including well-known Georgist names and other prominent scholars, was called on to offer guidance through the complexities of political and economic change. First was Prof. Mason Gaffney discussing *Moral and Efficiency Arguments for the Social Collection of Rent*. His early comment that rent is being collected by someone in the Soviet Union was later underscored by Prof. Elizabeth Clayton, University of Missouri, when she pointed out that the controlled rent paid to municipal governments has resulted in some people's obtaining two apartments and renting out one at the market price. Prof. Kenneth Gray, the Russian-speaking representative of the U.S. Dept. of Agriculture, noted that state monopoly is the major issue in the Soviet Union. Rent is dissipated due to non-use and poor use of land. In his commentary, Prof. Lowell Harriss, Columbia Univ. Emeritus, President of the Schalkenbach Foundation, noted that as the change to a market economy makes some people so much better off than others, the private collection of rent will have to be dealt with.

In his paper *Some Aspects of Leaseholding in the Soviet Union* Prof. Alexander Meyendorff revealed that rent was discussed in the Soviet Union in the 1920's. However, until very recently, socialist dogma created calculations based on fictional "price zones" and "polar rent" that demanded acquiescence from economists who knew better. One who knew better was Prof. Bronshtein, the Discussant for his paper. Today, analysts are no longer forced to ignore economic laws, and outside sources of knowledge, such as the conference was providing, could be examined openly.

Dr. Gene Wunderlich, head of the Economic Research Service, U.S. Department of Agriculture, summed up the question of whether leaseholds or privatization is preferable, concluding that private ownership with taxation is the equivalent of common ownership with rent. Prof. Robert Dorfman, Harvard University, reviewed colleague Prof. Karen Brooks' paper *Price Adjustment and Valuation of Agricultural Land: A View Using*



L to R: Dr. Alexander Meyendorff, Victor A. Shcheglov, Dr. Mikhail Bronshtein, Dr. Kenneth Gray, George Collins, Dr. Nikolai Borkhunov

*Lithuanian Farm Data*, which showed that all values relating to Soviet farm output, work force, value, and price, were suspect because they were derived through negotiations with the farm bureau.

The issue of farm size was taken up by Prof. Albert Berry, University of Toronto, and his Discussant, Prof. Eli Noam, Columbia University. No study of agriculture in other developing countries showed any important economies of scale on large farms. Infrastructural needs of large and small farms were different. Large farming has had to use slavery, indenture, and other means of enforcement to keep labor. Nicolai Borkhunov, head of the Pricing Department of the All-Union Agricultural Academy of Lenin, pointed out that 70 per cent of Soviet agricultural production takes place on large farms mainly because they are easier to control from Moscow. Many very small farms are in operation and they are clearly more productive.

By the time Prof. Ivar Raig took the podium, enough land tax information had been imparted so that he could make a bold plea for the Henry George School to conduct courses in Estonia. Prof. Raig, of the University of Tartu, Estonia, is a People's Deputy in the Estonian Supreme Soviet and USSR Supreme Soviet, a member of the Committee on Agrarian Issues, and a member of the Congress of Estonia. He urged that Georgist material be translated into Russian and distributed in the Soviet Union. Prof. Raig is a strong proponent of Estonian independence. The Soviets are not Soviet, he declared. Cooperatives are not cooperative. In Estonia only 40 per cent of the wealth produced goes to the workers. That must be changed, he stressed, to 70-80 per cent. To emphasize the urgency of the situation he rephrased the slogan "Power to the People" with "Property to the People."

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## CHICAGO NOTES

Chicago's Henry George School has announced its addition of Michael Cohen to its Board of Trustees. Mr. Cohen is a graduate of the three-course program in *Principles of Political Economy*. Another graduate of the *Principles* program, Scott Walton, has been hired as the School's first staff person, beginning part-time. Mr. Walton's term as Secretary of the Illinois Libertarian Party expires next April. His wife, Sue, is currently Illinois Party Chairman.

These additions to the ranks proved to be more than timely, as School President Sam Venturella underwent emergency surgery in September. His recovery is going well, but doctor's orders are to do no work until recovery is complete. Sam, who has been doing most of the work of the school since its recent revival, plans to return to active duty early in 1991. Richard Noyes, Deputy Chairman of the Council of Georgist Organizations, is filling in for Sam until he is able to resume his post as CGO Chairman.

## STUDENTS FILL NYC CLASSES

The New York HGS received a surprisingly large registration for its fall term of courses. Oversubscription required the addition of a fourth section of *Fundamental Economics* in English, as well as additional sections of *Classical Analysis I* and *Practical Writing*. The only course that did not fare well was *Classical Analysis II*, which had to be dropped because of low registrations. Also, Manuel Felix has been invited to teach an additional *Fundamental Economics* class in Spanish to members of an organization in Jersey City; that class is meeting on Tuesday nights. All told, 487 enrollees began attending fifteen classes on September 24th. As usual, a drop-off occurred after the first two weeks of classes. However, better than half remained by the midpoint of the term, so the School will probably have a larger graduating

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