Single Tax Synthesis Returns to Russia

(continued from first page)

An article by Roman Artemyev details key points to the new Russian Federation Law on Land Reform, including: " * A standard tax on land will be introduced and its magnitude and system of payment will be determined later. * All taxes on collective and state farms and on individual farmers are to be abolished with the exception of the land tax. * Land for farming will be provided by the state in the person of the Soviets of People's Deputies. * The sale or transfer of land with the exception of inheritance is possible only to the state in the person of the Soviets of People's Deputies. * The purchase of land is to be effected through the Soviets of People's Deputies. The sale of land is possible only upon the termination of a period of ten years from the date of purchase." This last clause was what tipped the balance in favor of the new law, according to Yeltsin, who pushed for its victory.

Prof. William Vickrey

Mikhail Gorbachev, on the other hand, has tried to put a brake on the rush to land privatization. His call for a nationwide referendum on property rights was endorsed by the Congress of Peoples Deputies on December 24th. Perhaps Mr. Gorbachev was influenced by a letter to him signed by thirty US economists, including three Nobel prize winners. The letter, dated November 7, 1990, was initiated by Professors Nicolaus Tideman (Virginia Polytechnic Institute and State University) and William Vickrey (1992 President-elect of the American Economic Association). The Nobel prize winners are Franco Modigliani (professor emeritus) and Robert Solow (Institute professor of economics,) both from Massachusetts Institute of Technology, and James Tobin (Sterling professor emeritus) of Yale University.

The letter claims that the immediate needs of the Soviet Union would be best met by retaining land in social ownership and making it available to individual users on the basis of leases for suitable terms, at rents set at market levels independently of the manner of use. The rent paid to the community would finance social expenditures and reduce and maybe eliminate the need to tax wages and profits in ways that would impair incentive. "In the Soviet Union today, the problem is to encourage people to work hard and manage efficiently. You don't do that by taxing their wages and profits," explained Vickrey. "Gorbachev has a unique opportunity to establish the Soviet economy on a rational basis. The referendum on land ownership will be the first chance ever, in modern times, for a nation to make a rational choice over the ownership and use of natural resources." Calling for a "third way" synthesizing the best of private and public ownership, Vickrey concluded: "Land is already in public ownership in the Soviet Union, so the quickest way to stimulate growth and free enterprise is to allow people to get hold of the land they need without requiring them to pay money up front. The high cost of acquiring land is a major obstacle to starting a new business in the West and would be even more of an obstacle in a nation where many enterprising individuals do not have access to substantial funds. Gorbachev can get around this by making land available, on payment of a market rent to the community."

According to the letter sent to Gorbachev, this method has advantages to selling land outright at auction: it will avoid an extreme depression of land prices resulting from so much land being offered at once, and a later unearned speculative profit on the resale "resulting in needless inequity and dissatisfaction"; it will provide land to those with limited access to credit; it will enable citizens in future years to capture the benefits of future good public policies; and it will reduce the risk to investors who would otherwise avoid the uncertain politico-economic climate in the Soviet Union. The letter may be summarized as saying to Mr. Gorbachev: The land of the Soviet Union has value, and it should be used to benefit all the people.

For a copy of this letter, please contact the Robert Schalkenbach Foundation, 41 East 72nd St., New York, NY 10021.

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BUT WE DO!

"They say Miterrand has 100 lovers. One has AIDS, but he doesn't know which one. Bush has 100 bodyguards. One is a terrorist, but he doesn't know which one. Gorbachev has 100 economic advisers. One is smart, but he doesn't know which one."

--Mikhail Gorbachev, quoted in Newsweek

While Russia fought the Korean war by not participating officially in it at all and letting the Chinese do most of the dying, we were in it up to our necks. Though we called it a United Nations war, the armies involved, even those of other countries, were equipped with material not from the United Nations but the United States, and the soldiers dying were in the main American soldiers, not those of the agency in whose name their battles were fought...

-- Leopold Kohr, The Breakdown of Nations, 1957, pg. 207.

GEOGREEN FORUM: "BEYOND RIGHT & LEFT"

A mailing went out in early December to enthusiasts of the GeoGreen Forum (see our last issue). Just in the formative stages, the GeoGreens are Georgists who are also active in the Green movement. They are planning a January newsletter called *Geode* to be sent to about 50 GeoGreens and 40 members of the Green Libertarian Caucus. It goes without saying that George's political economy can serve as a foundation for a synthesis of Green and libertarian ideas and visions. In fact, pointing out that "GeoGreen" is redundant, Jeff Smith has proposed the "Free Green Forum" which connotes a union of concerns for both liberty and land.

Included in this mailing was a position-paper by Boston's Mitch Chanelis entitled "Beyond Right & Left Greens: Values & Strategies for a Future that Works." Mitch criticizes the current drift he sees toward a Green embrace of advocating localized governmental ownership of the means of production. Seeking to rescue the Green motto "Neither Right nor Left, but In Front!", Mitch makes a pitch for "voluntary association in equality," and an examination of the land-based models of Native Americans, Tom Paine, Henry George, and Leopold Kohr (author of the -- now we know -- prophetic book, *The Breakdown of Nations)*. Mitch points out that heedless industrialism, practiced by capitalist, socialist and "developing" countries alike, is what devours the planet's ecosystem, not capitalism *per se*. He calls for "A VIBRANT ALTERNATIVE to the Business-As-Usual crowd; AND the naive, worn out, & marginal OPPOSITION politics of the Left....A genuinely MAINSTREAM position can be ours; if we speak to the heart, THE RADICAL CENTER, of ordinary people's concerns - for survival and their children's future."

For a copy of this and future mailings from the GeoGreen (Free Green?) Forum, please contact Hanno Beck, 2000 Century Plaza, #238, Columbia, MD 21044 (Tel: 301-740-1177).