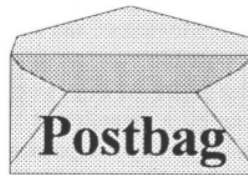


OPEN FORUM 4



Sir, The socialisation of the economic rent of land to the exclusion of other taxes, if achievable, would undoubtedly transform all human life for the better. However, when it comes to implementing it, there is an in-built difficulty which its advocates must surely be aware of, but seem persistently to ignore.

This is glaringly exemplified in the clause that Georgist campaigners in Russia wish to see added to the Land Code, and which is printed on the front cover of the latest (Summer 1996) issue of *Land and Liberty*. I refer in particular to the words "as determined under market conditions".

It is the permitted private appropriation of Rent that creates and perpetuates the land market. It is the potential enjoyment of the natural and communally created benefit derived from its possession that the buyer pays for, and gives the land market value. Were the value of that benefit to become entirely forfeit to communal funds, the land market as we know it would cease to exist.

How, then, is it proposed to take in tax the full economic rent, and, at the same time, to create and sustain a market as an on-going basis for assessing that rent? On the face of it, the two are mutually exclusive.

I am sure there must be a way through this apparent impasse. Perhaps various selected typical sites could, as they become available, be put up for either public auction or sealed bid, the subject of the bidding being, of course, annual rent, not outright purchase. This might come to provide a sufficient yardstick for general assessment. But whatever the answer, it needs to be properly thought out, and publicised as part of the 'package'. Without such a

clarification, it is foreseeable that our opponents in Russia could seize upon this difficulty, and reject the clause because of it. There is need for a clear and convincing answer.

Peter W. J. Hobson,
Tadworth,
England

THE EDITOR writes: Mr. Hobson raises a key issue about the changes to institutional arrangements in the property market under a fiscal system in which the full rental value of land was collected for public purposes. Please see the article by Ian Barron on page 10: Poverty on World Bank agenda.

Sir, I am disturbed by clause 6 of the statement quoted in the unattributed article published on page 5 of the summer issue of *Land and Liberty*, beginning "Everyone is entitled to an equal share of the rent that stems directly from the benefits provided by nature".

I do not know who thought that one up but, to begin with, no rent "stems directly" from the benefits provided by nature. Rent arises only in the presence of population, whatever is provided by nature, and if it did why is everyone entitled to an equal share in it, or even any share? What have they done to deserve it?

Georgist theory indicates that rent is created by, and therefore belongs to, the community as a whole. It says nothing about how public funds should be used or spent but only about how they should be raised and I submit that unless and until Georgists have some new theory which demonstrates in a sensible manner how utilisation of them should be carried out they should keep out of the whole

area of public spending, which is a minefield in itself, and will, if confused with the Georgist issue - which is controversial enough in itself - only serve to compound the difficulty of getting our ideas accepted.

I am also more than a little disturbed as to how this particular clause came to be put forward in the first place. It would appear that the ten Georgist activists referred to, acting on their own and without any kind of mandate from the movement as a whole, decided unilaterally that it was a good idea. We have every reason to be thankful that these people are active and doing the sort of thing they are doing but I feel that they should restrict themselves to promoting true Georgist ideas (including, if you like, ideas that are found to be necessarily consequent upon them) and not go making gratuitous additions of an extraneous nature that many Georgists would not agree with.

Robin Raynham,
Weston-super-Mare,
England

THE EDITOR writes: Mr. Raynham is criticising one element of the total package. The Georgists who prepared the statement to which he refers are aware of the significance of the relationship of population to natural resources. This was clearly indicated in the statement published on the cover of the Summer 1996 issue: "People with rights to exclusive, legal possession of land have a duty to pay an annually assessed Social-Rent Charge for the resources of nature, public services and the locational benefits that give value to land, as determined under market conditions and equal to the economic rent of land".