

Land & Liberty

communiqué

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UK politics Lyons

The independent Treasury-initiated Lyons Review (see **L&L** 1214) has delivered its final report. It concludes England's system of local government finance is mostly satisfactory, meantime. But the report does talk up reform. "Most economists would agree that there is a strong case for levying taxes on land" it states – adding, taxing land values has "a number of advantages".

Scottish politics a hair's breadth

The major battle in the new session of the Scottish Parliament is likely to be local taxation. The battle lines are drawn and only a hair separates them. Party managers allowing, the outcome will depend on progressive reformers leveraging positive change from reluctant colleagues.

The new minority Nationalist government wants to abolish the property-based Council Tax and introduce a local income tax (see p3). The Liberal Democrats would support that move. Together they have 63 votes. In the opposite camp, unlikely allies, Labour and the Tories want to retain the existing system, largely. Together their votes add to 62.

The Greens advocate land value taxation. A local income tax will be a move away from their objective: Council Tax does collect *some* publicly-created land value. The Greens now are only two – but they will be key. Surely they will vote against the government? The vote now is 63-64.

One member's vote remains uncounted: independent Margo MacDonald. A vote with her former Nationalist colleagues gives 64-64 – no change. The other way could be for reform. What will be MacDonald's vision?

Speaking to Robin Harper's parliamentary motion for Ivt, Margo MacDonald said: "Land value taxation would mean that people would pay taxation in a different, fairer way. When people live in abject poverty in blankets on Princes Street while other folk live off the fat of the land, there is something wrong with our tax system."

China private property, common resources

The Peoples' Republic of China has introduced a radical and controversial new law. The new law recasts the concept of property for the emerging economic superpower.

The Real Rights Law was passed by the National People's Congress on 16th March, 2007.

The new law establishes a system of private property over chattels, goods and manmade capital. At the same time the measure reaffirms and reinforces the public ownership of the land and common resources of China.

The new law could pave the way for China to develop a sound new foundation for its rocketing economic development. If its approach is successful, the country could

establish itself as an alternative economic model against which the performance of Western countries could be held.

The bill was controversial in the making. Many feared that creating a single law to cover both state property and private property would facilitate privatisation and asset stripping of state-owned enterprises. But after eight readings and a two-week session of Congress the law was finally adopted with the backing of almost 97% of the 2,889 legislators attending. Vice-Chairman Wang Zhaoguo told Congress that the law was an attempt at adapting to new "economic and social realities" – and will "safeguard the fundamental interests of the people", the BBC reported.

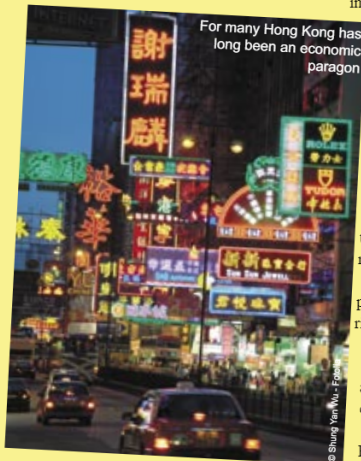
Wang, a member of the Communist Party's powerful Politburo, said the country's economic and social changes made the law necessary. "As the reform and opening up of the economy develop, people's living standards have improved in general and they urgently require effective protection of their own lawful property accumulated through hard work," he said, in a speech to 2,835 deputies of the National People's Congress gathered in the Great Hall of the People.

The law does not change the system of land tenure by which the state owns all land. However, in formalising existing practice, individuals can obtain and hold a secure land-use right. The law defines this land-use right in terms of the civil law concept of *usufruct* – the right to use a resource.

The law contains some provision for the payment of fees by users in exchange for rights. It is clear however that this key aspect of the new system is wanting.

There are also concerns about tenure arrangements which might allow the private capture of public values by the back door.

The Real Rights Law of the Peoples' Republic of China takes effect on 1st October.



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TERRORISM
a failure of
governance



SLAVERY
changing our
minds about
owning nature

Capitalism 2.9?

Capitalism 3.0

by Peter Barnes
Berrett-Koehler Publishers, 2006
ISBN: 1-57675-361-1, \$22.95

This book is sub-titled 'a guide to reclaiming the commons'. By the commons the author means all the gifts we inherit or create together, i.e. land, air, water and so on. His solution to the 'problem' of the commons is to form what he calls 'common property trusts' to manage them for the benefit of all, and to curb over-exploitation and cut pollution. He is addressing an American audience but brings in examples from other countries.

From Britain he cites the Trebah Garden Trust in Cornwall as a microcosm of his ideas. To become a life member of the trust a donation of £250 is required. Members get free access to the garden (other visitors pay an admission fee) and elect a council to manage the property. They receive an annual report, audited accounts, and notices of meetings at which they may vote and submit resolutions. At present there are about a thousand voting members of the trust. Another UK example is the National Trust — a non-governmental charity founded in 1895 — which owns over 600,000 acres of countryside, 600 miles of coastline and 200 historic buildings and gardens. It has over 3,000,000 members who elect half of its fifty-two-person governing council (the other half is appointed by non-profit organisations that share the trust's goals).

The author suggests that as it is impossible for everyone to use the commons equally, then everyone should receive equal shares of the income derived from selling usage rights on the one person one vote principle. The USA is in an excellent position to create such trusts since nearly one-third of the land is government owned. Some twenty-two

states hold 155,000,000 acres in trust for public schools and colleges. The Alaska Permanent Fund, created in 1976 to absorb some of the windfall from leasing state land to oil companies, fits Peter Barnes' bill very neatly. Its aim was to create an endowment that would benefit Alaskans even after the oil is gone. To this end the Permanent Fund invests in stocks, bonds and similar assets and pays yearly dividends to every resident.

The obvious problem with this scheme for a country the size of the USA is the bureaucracy needed to administer it and pay every citizen their dividend. Barnes devotes two pages to Henry George and clearly understands land rent and the unearned income it generates. But he does not seem to grasp the power of taxing land values to deal with this.

That policy is simple and would solve most of the issues this book raises.

Geoffrey Lee

book notes

Alastair McIntosh, author of *Soil and Soul*, has published a collection of poetry, *Love and Revolution* (Luath Press, ISBN 1-905222-58-0). Its *tour de force* 'The Forge' explores identity, belonging and mythology in the political context of Scotland's land reform. The people of Gigha have requested a copy to hang in the island's hotel.

Journalist Antonia Swinson (who contributed the 'Land Girl' column in **L&L**) has published her fifth book, *You Are What You Grow* (Luath Press, ISBN 1-905222-64-5). Based on her 'Allotment Tales' column for *The Scotsman* and *New Consumer Magazine* Swinson shares not only her tips for gardening and allotment management, but also explores relevant social issues such as the history of British land ownership, organic produce and community building.

As well as their paperback edition of Fred Harrison's *Boom Bust* (see p 5), last month saw Shephard-Walwyn publishing Michel Glautier's *The Social Conscience* (ISBN 978-0-85683-248-2).

letter from the editor

It was an Edinburgh Tory MP, Noel Skelton, who coined the phrase 'property-owning democracy' and applied it as a political and social aspiration for early twentieth century Britain. The idea hit a mark, and the better part of a century later continues to do so. Britons are very enthusiastic owners of their own homes. The feeling is that all things being equal, if a family is not to have the possession of its own home, who should have that possession?

A more-or-less undeviating fiscal consensus within the Western world has been the unyielding conductor of public policy over the last two decades. It has set the world organisations' agendas for the developing countries: it has been the foundation of the work upon which Gordon Brown and Alan Greenspan have rested their enviable and well-defended reputations. Brown has been a superior Chancellor of the UK's Exchequer. But he is heading for a fall.

Brown's move to 10 Downing Street will not shield him from the fallout from a clear and growing problem in Britain. The problem is that all things taken into account, young people, debt laden, increasingly *cannot* afford to buy their own homes. 'Starter' homes are being acquired by the wealthier baby boomers, and rented to their children and their friends. So what way forward for our property-owning democracy?

The first thing that could happen is that as a society we retreat from that ownership aspiration. We could accept the emergence of a new urban landed class, from whom an increasing number of us would rent. That development might be thought regressive: certainly Brown could not see it as 'socialist'. And the socialist version of a greatly increased social housing programme, might be unattractive to a 'prudent' Prime Minister.

The second thing that could happen is that a housing crash — again — could be allowed to occur. Through a battlefield of negative equity, repossessions and foreclosures, the average home could, once again, for a while, become affordable for average wages. Realising the PM's reputation is tightly tied up with the avoidance of this particular crash outcome, it will be interesting what the government will do to head things elsewhere.

The third course could be a long-term period of high wage inflation — 're-adjusting' the ability of wage-earners to pay a mortgage. Many people, not least Brown, would see great problems in that approach too.

The fourth possibility is the creative one — tackling at root the fault in (in, not of) the market mechanism. If Brown could identify the *underlying* driver of the problem gathering around him, and correct it, he could save his reputation. And to my mind it has always seemed clear that what 'underlies' our homes is land. Mr Brown should look again at land value, and where it comes from, and what it can do.

Peter Gibb
gibb@LandandLiberty.net

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Scotland: taking

Rob Gibson MSP reviews some of the possibilities for a creative new land reform programme

When I was asked by a land owner keen to support the SNP at the recent election if there would be a land tax in our plans, I said not immediately. However any move to Local Income Tax and away from Council Tax can only raise enough cash for local services by tapping other sources. The SNP manifesto talked of efficiency savings in government as one source. However any longer term solution to stabilising or increasing the local component of local taxes in Scotland has to revisit land values as opposed to property values.

That said the minority SNP government will have to build a majority for each reform it wishes to implement. So the scrapping of the unfair Council Tax and its replacement with Local Income Tax would seem most likely. [For a different perspective, see p 1. Ed] Given Scottish Liberal Democrat support it would be a good start to meet a popular priority across Scotland. A proposed Common Good Bill by the LibDems would also find common ground with the SNP who want Community Councils to gain more powers.

Meanwhile the Cabinet Secretary for Rural Development, Richard Lochhead MSP, has shown support for land value taxation. He will inherit a pledge from the last administration to review the Land Reform Acts. This could build on a Labour manifesto commitment to extend the community right to buy into more urban areas. There may be room to include a scoping exercise that extracts the lvt component of the Burt Report (see **L&L** 1216) to give it closer scrutiny.

Communities seeking to buy their land have suffered from a far from simple process which includes more ministerial discretion, but also a straight jacket for the applicants. It is clear the abolition of the Scottish Land Fund has

not helped. Changing circumstances has frustrated many would-be initiatives. The Big Lottery home for potential land Chancellors is sucking out cash to pay for the London spiraling costs dwarfing land transmission.

Building consensus in minorities should be possible. The Crown Estate Commission by Robin Callander. It was authorities in Highlands prominent Labour and Liberal in the last session. The SNP remove the 'tax' on development Estate levies on ports and transmission.

Also Member's Bills proposals for Succession early instalments in a new for Scotland. **L&L**

Last month Rob Gibson was re-elected for a second term as a Scottish Nationalist member of the Scottish Parliament representing the Highlands and Islands.

TERROR

politics by other means

Politicians use the concept of terrorism to mislead seekers of solutions. President Bush's 'war on terror', for example, tells us more about the nightmares of neo-conservatives in Washington than about the use of terror to achieve political ends. By exploring the full context in which force is employed, we can identify the roots of the problem.

A historical and sociological approach to the fault lines in society would reveal, for example, that the 'clash of civilisations' – the West versus Islam – camouflages the frustrations that result in challenges to the authority of the State.

There are three major ways to mobilise people whose interests are excluded by the political process.

- Organised crime. The Mafia is one model. It did not challenge the state itself. Rather, its 'families' operated as parallel sources of authority (with commensurate rewards) within the State.

- Liberation armies. These are driven by ideologies that do challenge the legitimacy of the state. People coalesce into guerrilla units that adopt military postures, operating in the countryside (eg. El Salvador) or towns (eg. the IRA in the British Isles).

- Religious movements. Alienation may lead to the focus of material aspirations in an other-worldly form under the direction of charismatic theologians, who use sacred concepts to challenge secular authorities.

Western intelligence services are not required to identify the common origins that link these three forms of organised dissent. Such an analysis would raise political questions that Western governments – particularly those with a deep history of colonialism – would find embarrassing.

In essence, the historical problem was the failure to

establish States on foundations that united everyone on the basis of natural justice. Modern states evolved as part of the systematic exclusion of large numbers of people from the riches made possible by scientific and technological progress. These gains, in the main, were expressed as increases in the rents that people were willing to pay for the use of land and natural resources. Because people's equal rights were abused by the political elites, land tenure became a tool of exploitation. People were dispossessed of their traditional access rights to land, and it was no accident that the State failed to compensate for this loss through the tax system. Thus, the State became embroiled in the struggle over the spoils from economic growth.

The Mafia, for example, originated to meet the needs of peasants who suffered from the amalgamation of land into large estates in Sicily. In time, however, what had started as a self-help way of life was corrupted. The Mafia learnt how to extract a share of society's land rents by paying bribes to bureaucrats to obtain construction contracts.

The pact between the State and land owners – a privileged relationship – is the biggest obstacle to the abolition of the poverty that divides communities.

Land owners could not get away with monopolising the surplus income of their

communities (rents) without the collusion of the State. That is why the law is automatically on the side of land owners in disputes involving the dispossessed. Not surprisingly, therefore, organised expressions of discontent over poverty brings people into conflict with the law.

Colombia, in South America, illustrates the complexities of a problem rooted in the colonial land grab. Centuries of poverty nourished the crime that would one day be consolidated in an institutionalised form. In this case, drugs became the commodity that could be used as the regular source of income. The buoyant market in North America and Europe meant that the peddlers could maximise their income if they organised themselves into a commercial structure: *ergo*, 'organised crime'. But with the narco-dollars piling up in the banks, it was tempting for the drug barons to become the owners of land. That brought them into conflict with the poor, the class from which they sprang.

By the 1980s, the landless peasants who sought salvation in socialism began to employ guerrilla tactics. The owners of *latifundia* and the drug barons formed the para-militaries to protect their land. The outcome was the corruption of the crooks who turned on everybody. Rory Carroll, *The Guardian's* correspondent in Latin America, summarised this in these terms: "The para-militaries grew into a powerful force that trafficked drugs, stole land and slaughtered peasants".

The US Congress may now hold hearings into the corruption that links multi-national corporations to Colombia's para-military groups.

But the politicians will not touch the flaws that nurture the fruit of the tree to people to extra-legal acts.

Nor do politicians have the courage to investigate the roots of the problem, executed in the name of a sacred cause. Nor do politicians have the courage to investigate the roots of the problem, executed in the name of a sacred cause. Nor do politicians have the courage to investigate the roots of the problem, executed in the name of a sacred cause.

Without a full documentation of the roots of the problem, this thesis will not be understood in the political traditions of the Americas and the world. That is why we need a new approach to the roots of organised violence. Without appropriate reforms, Western dissent will continue to be ineffective – the profound discontent of the people will be expressed in politics by other means.

The paperback edition of House Prices, Bank of England, 2010 was published by W&L (£14.95).



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Slavery, land and liberty

Timothy Glazier sees how a society can change its mind about the ownership of nature

"The Truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be it would never have been obscured. But it will find friends – those who will toil for it, suffer for it: if need be, die for it. This is the power of the Truth"

Henry George in *Progress and Poverty*

By a strange accident of fate, in February I found myself giving a sermon in the chapel of Christ's College, Cambridge, as one of a series on 'Enslavement and Liberty' to mark the 200th anniversary of the abolition of the slave trade in Britain in 1807. The invitation had resulted from two articles I wrote last year – 'Slavery Then and Now' and 'The True cost of Owning Nature', posted on the 'Set All Free Campaign' website. They highlighted how, until there was also 'free land', slavery would continue in some form or another. Readers of *L&L* should be taking a close interest in – and perhaps encouragement from – the current celebrations of the ending of the slave trade. Because here was an example of a society changing its mind about the ownership of nature.

This dramatic change in social attitude came about after a long age during which there was acceptance of the trade. The wealth it generated powered the industrial revolution in Britain, leading to huge vested interest in it by powerful individuals – including members of the Royal Family, many of the aristocracy, members of parliament, merchants and major institutions – including the Church. Yet in spite of all this, the decision was ultimately taken that this 'inhuman' trade, in fellow human beings as chattels, had to cease. This was an extraordinary change to come about. The parallel with the struggle to end the economic injustice resulting from land monopoly cannot be lost on those who aspire to that.

Slavery and land monopoly are two sides of a coin. As I said in the sermon, if two people arrive on a deserted island and one

says "this land is mine", then the other would become his or her slave. Because today it is covered over by a veneer of prosperity, society is failing to see that conditions of work for those of us who are employed, are often not dissimilar to the lack of freedom, movement and choice that prevailed for slaves in the past. It is no surprise that when eventually slaves came to be released, because they had no access to land many had to seek employment from their old masters in conditions far worse than what they had previously experienced.

In my sermon I likened our condition today to the prisoners in Plato's famous analogy of the cave. The prisoners had never been outside the cave. They sat manacled looking at its back wall upon which shadows of the outside world played. They perceived and believed the shadow-world to be 'reality'. Behind them, outside the cave, shone the light of 'freedom', of which the prisoners could not conceive.

This inability to appreciate the limited conditions under which we live, not unlike the inability of those in previous centuries to see the iniquity of slavery, is of course the reason why it appears so difficult to achieve the changes that could bring about the state of 'liberty' that could transform society. As Henry George also said, "once a practice, however wicked and dehumanising, becomes established in a culture, it appears to be normal and becomes accepted by the majority of that culture...." So how was it that the practice of buying and selling human beings as chattels, which had been a practice amongst many cultures for millennia, could eventually be outlawed by this country, and those enslaved set free?

Not in the first place by the actions of parliamentarians – that came right at the end. The process began with the workings of the conscience and religious sentiments of individuals and groups, in particular non conformist religious groups such as the Society of Friends – the Quakers – both in America and in Britain. Next to create an impact were the opinion formers of the day – the writers amongst whom included Jean-Jacques Rousseau

in France, and in England Horace Walpole and Dr Samuel Johnson. But of fundamental significance was the remarkable statement formulated by the great lawyer, Sir William Blackstone, in his Commentaries on the Laws of England published between 1765 and 1769. Blackstone stated that the law of England "abhors and will not endure the state of slavery within this nation.... a slave or a negro, the moment he lands in England, falls under the protection of the laws and, with regard to natural rights, becomes a freeman".

But prompting the start of the abolition process in Britain was the courageous actions of individuals whom history allows often to go unnamed: one of these a young clerk called Granville Sharp. In 1765 he took in and restored to health a man of African origin who he had found in the streets of London. He had been beaten close to death by his owner, a lawyer by the name of David Lisle. In due course Sharp was sued by Lisle who wished to regain his 'property' and have him shipped for sale in the West Indies. Sharp researched the law himself, and with argument based on the above passage from Blackstone managed to secure the man's freedom.

In due course the case against the slave trade entered the political arena. A number of significant figures started putting the power of conscience and oratory behind the cause of abolition. The most notable of these was William Wilberforce, but others included the Prime Minister William Pitt the Younger, Richard Sheridan, Charles Fox, George Canning and the renowned Edmund Burke. Ultimately, in 1805, the act was passed that would forbid the import of slaves from Africa into British colonies – coming into effect in 1807. So the parallel is clear between the abolition of the slave trade and the efforts of those who have been struggling to bring about the conditions under which land can once again become free. What would seem to be required is persistence and courage, and having faith, as Henry George maintained in my opening quote, in the power of the Truth of the cause. Then, ultimately – against the pressures of vested interest – providing Parliament with the mandate to take the necessary actions to bring about change.

Preaching a sermon is certainly different to giving a lecture or a speech, and one is forced to look deep into, and try to present, the essential causes of things. I took my text from John 8:32 "And ye shall know the Truth and the Truth shall make you free." Once the truth that governs the relationship between humanity and nature can become seen and acknowledged, then the possibility of free land and economic justice will become inevitable. It might require a crisis situation to bring this about, and one is approaching, but society, in the right circumstances, can change its mind about its fundamental relationship with nature. *L&L*

Other writing by Timothy Glazier, including 'Slavery Then and Now' and 'The True cost of Owning Nature', are available at www.timothyglazier.com



Tim Glazier



fresh thinking

Windfarming the land

John Digney berates a system which allows landowners to reap in cash the value of the very wind which blows over their land

It is often claimed that Scotland's topography and weather patterns could enable it to become the renewable energy capital of Europe. In the mid 20th century the rainfall over the deep glens to the north and west was exploited for hydro power, with huge concrete dams creating new reservoirs or extending existing lochs.

Now it is the turn of wind power. The efficiency of the turbines increases exponentially in relation to increases in wind speed, and Scotland's exposed mountains and moors offer many ideal locations. Not everyone is happy though, and arguments rage in the press about the reliability and desirability of wind energy. Tourism is a major component of the economy of the Highlands and Islands, and businesses fear the consequences of industrialisation of the relatively unspoilt landscapes. Environmentalists are divided into two camps – those who wish to safeguard the landscape and its wildlife and those who see the need to address climate change as a greater priority. Local authorities wrestle with a flood of planning applications for windfarms and blame central government for the absence of a coherent renewables strategy.

In order to achieve the target of 10% of electricity to be derived from renewable sources by 2010, the government's Renewables Obligation provides financial incentives to suppliers. The National Audit Office calculated in 2005 that "pursuit of the target will result in costs for the consumer and taxpayer exceeding £1 billion a year by the end of the decade, which will increase the price of electricity by around 5 per

cent." They also noted that "some projects using the cheapest technologies (onshore wind and landfill gas) at the best sites receive more support from the Renewables Obligation than necessary to see them developed."

So where has our money been going? Into the pockets of landowners for a start. When windfarms first started to appear in Scotland in the mid 1990s, the going rate for rent was understood to be between £1500 and £2200 per turbine per annum. Now it is over £10,000. There was public outrage two years ago at reports that the Duke of Roxburghe, one of Scotland's largest landowners, stood to receive an estimated £14m over the 25-year lifespan of a windfarm, for allowing 56 turbines on his grouse moors in the Borders. More recently, the 36-turbine Braes of Doune windfarm near Stirling is reported to be generating not only 72 megawatts of power, but £400,000 of megabucks per annum to the landowner.

Our society has almost become inured to the idea of landowners making easy profits out of monopoly rights to natural resources and out of the investment of public money without having to do anything themselves. But windfarms add another dimension to this, and the concept of private fortunes being made out of the way the wind blows over the hills, driven by weather systems originating thousands of miles away over which no-one has control, is causing a few more raised eyebrows – especially when it is all so obviously happening at the expense of the consumer and taxpayer.

Elsewhere in Scotland windfarms are proposed for community-owned land. On the Isle of Lewis a colossal 652 megawatt development of 181 turbines, 140 metres in height from tower-base to blade-tip, would be the UK's biggest. It would stretch in an almost unbroken corridor for 40 km across the northern part of the island and would utterly transform the landscape and destroy fragile peatlands. Of the three estates it would cross, one is community-owned and would receive part of the rent. It is hard to criticise rural communities in economically marginal areas for jumping on the bandwagon, but the damage to the landscape heritage is undeniable and the issue is highly divisive within those communities.

Scotland's renewables potential stretches way beyond onshore wind, but it is generally acknowledged that the financial incentives in the Renewables Obligation system have skewed the industry towards wind power at the expense of developing other technologies such as wave and tidal energy. Government incentive schemes distort markets and often leave an unwanted legacy, and we may well look back and compare the renewables industry with commercial forestry where tax breaks led to so much environmental destruction. Ironically, there are proposals to clear a coniferous forest in Caithness created in the 1980s under that regime – to make room for a huge windfarm! The landowner is always the winner in our madcap economy. **L&L**

John Digney is editor of Wild Land News.

The pressures of development can generate divisions within communities. Conflicts of interest can arise, the fair mediation of which is the responsibility of government. Competing aspirations need to be resolved in a manner that is transparent, democratic and accountable. Outcomes need to be fitting and they need to be fair. This is the purpose of the planning process. The management of the development of our societies is in a sense the highest purpose of governance. The task is to put in place the framework to ensure the costs and benefits of development are borne and enjoyed with equity for the people, with efficiency for society, and for the long-term well-being of our environment

Assynt The Assynt Foundation is proposing a 5 megawatt "wind croft" to be sited on land purchased in 2005 under the terms of the 2003 Land Reform (Scotland) Act. The Foundation was established to lead the community buyout of 44,500 acres around the village of Lochinver.

The £4.5m scheme would be entirely community-owned and would produce an estimated net income of £300,000 per annum, but local opinion is divided. The area is within a National Scenic Area and its stunning landscapes have hitherto remained largely unspoilt. Local business owners fear the impact on tourism of even small-scale industrialisation.

The purchase price of the land was £2.9m and most of the money came from the public purse. The Foundation has defended the proposal, pointing out that they are required to provide economic benefit to the community, and that they wish to make use of their existing assets rather than relying on further grants for economic development.

A full community consultation and ballot are promised.



Fragile landscapes can be threatened by the development of renewables

Protecting whose Europe?

As the Doha Round of trade talks tips towards failure
Ib Christensen continues



Since their breakdown in Hong Kong in December 2005, negotiations within the WTO about liberalising world trade have been at a stalemate. The cause of the problem has been, above all else, the European Union's dogged insistence on its agrarian protectionism.

Many years of broken promises from the rich countries – particularly the EU and the US – over the liberalisation of trade in agricultural goods, had brought the developing countries (both the less and more substantially developed countries) to a turning point. Enough was enough: led by China, India and Brazil, they demanded reform. The confrontation only led to more broken promises.

On the other side of the Atlantic the US did offer a total liberalisation of trade in agricultural goods. But the offer was rejected by the EU. And, as usual in the WTO negotiations, members had put the EU and the US to the task of agreeing a common initiative for restarting the negotiations. So the EU rejection set the agenda.

Before the stalemate, the EU had offered to lower its import duties on agricultural goods on average by 39%. In the current negotiations this has now increased to an average of 54%. In return, the US has agreed to introduce a ceiling on its agricultural subsidies, which are currently some £9b. For comparison, Europe's agricultural subsidies total over £41b.

The Indian Minister of Trade, Kamal Nath, is a sort of negotiation leader for the developing countries. He has rejected the US offer and demanded that it caps its agricultural subsidies at £6b. If the Americans were to do that they would

demand the EU lowers its import duties by an average of 64%. The EU would refuse that.

So things are not looking bright and, as usual, it is the EU which is blocking progress.

Added to these problems is the fact that the EU has declared 7% of its agricultural goods to be what are termed 'sensitive'. As such they are excepted from the duty cuts. And of course it is exactly those goods which are 'sensitive' on which the developing countries demand concurrence. It drastically lowers the benefit of the duty cuts if important agricultural products are labelled as 'sensitive'. The developing countries also have an interest in how much the industrial countries subsidise individual crops – and not just the global ceiling on public subsidies. On this matter too, then, there are opportunities for manipulation of the negotiations by the rich countries.

The World Bank realises that it is the countries which most actively participate in globalisation that also are the countries that have the highest economic growth. So it is obvious that it is the developing countries, more than others, which have vital interests in the WTO negotiations coming out of stagnation and delivering positive results.

More than other industrial countries the EU has insisted that there must also be progress with trade in industrial goods and services, which is a legitimate interest. But one is left with the impression that the demand is chiefly used as an excuse for extending the Union's policy of agricultural protectionism. The EU has not held back from using anti-dumping regulations as a tool to limit the import of textiles, shoes, steel and other products and commodities.

The blocking of the WTO negotiations is now being used to establish bilateral trade agreements – something that the WTO has accepted may continue until the end of the year.

The EU is negotiating economic partnership agreements within Africa and a number of developing countries in the Pacific and the Caribbean (the ACP countries). It is demanding 'reciprocity' in these agreements. That is to say the EU will allow duty-free import from these countries only if they, in return, also allow imports from the EU. The requirement is quite ruthlessly applied by the Commission: the more liberal countries of Europe, such as the United Kingdom and Denmark, are powerless to waive it.

In contrast to the EU, the US has taken a number of initiatives which in a number of areas allow the African countries easy and duty-free access for their goods into the United States. And Communist China has unilaterally increased the number of goods that can be imported from Africa to China with no duty falling due, from 190 to 440 products.

Europe was previously the dominant export target for most African countries. Today only 32% of the continent's exports go to the EU, while 29% goes to the US and 27% to Asia. Of Africa's total exports 13% go to China and India alone. In recent years Africa's exports to Asia have grown 20% year on year.

For the African countries, the positive aspect of this development is of course less dependency on the rich countries, particularly the EU. The negative aspect for Europe is that the Union's burden of protectionism impedes the possibilities for maintaining and developing employment and for optimising the economy.

However, for Africa there is hope. Since the mid-1990's more than twenty African countries have posted yearly economic growth rates of at least 4.5%. Fifteen of those countries are non-oil exporters. Together they encompass more than a third of the continent's population.

As far as Latin America is concerned it is clearly a good thing that its dependency on the US is diminishing as a result of its increased trade with the rest of the world. In the first few years of the millennium, trade between Latin America and China alone increased by 600%.

But for many years the grit in the global trade negotiation machine has been the EU's agricultural subsidies.

The basis of European agricultural subsidy used to be the unit of production – a hectare of wheat, or a beef cow. The approach resulted in extreme surplus production. Two ways were employed to deal with the problem: partly it was exported – export dumping; and partly it produced the so-called wine lakes and butter mountains which were destined for destruction.

Both of these responses came to be politically unacceptable. So the system was reformed by stages. An early idea was to subsidise farmers who did not produce goods. This approach brought into being what was called 'set-aside' – agricultural

land left unproductive for a period.

The money that the farmers were given in order that they could grow wheat was often money for not growing wheat. Obviously, this was no good.

Then came about the not production, or non-production. The consequence has been clear. The subsidy of the price of land. In reality subsidising landowners, working non-landowners completely: his public straight on to his landlord.

Denmark has all but a taxation on farm land. Land can be even bigger than. For decades farmers' objections against the 'tax on production' that there is no connection and the yield. Amusingly, objections (quite the corn subsidies that are given without taking into consi-

Dumping on the developing countries

Export dumping is defined by *Wikipedia* as "the act of a manufacturer which is either below the price it charges in its home market or is below 'failures' in the free market. Some commentators, often those from the problem. Countries finding themselves exposed to dumping, the on the problem.

The truth of the matter is the reverse. The over-production which creates a free market – is created by the very protectionism advocated as the case in point. Being subsidised encourages farmers to produce goods – the practice's deleterious consequences are visited not only on the and wide, if often unnoticed. Protectionism is immoral. It can only even relationships – and will always harm the weakest.

Oxfam leads the case for reform. "European Union agricultural practice charity says. "By encouraging over-production and export dumping, such as sugar, dairy and cereals. Reforming a system in which European smallholder farmers in developing countries suffer the consequences



letter tax try-before-you-buy

Sir,

Readers of 'A Fairer Way' (L&L 1216) should be told that at no time in its long deliberations did the Scottish Local Government Finance Review Committee contact me to discuss the contents of my final report for Lincoln Institute. In that report, which was for Britain and not just Scotland, I did not recommend that land value taxation pilots ought in all circumstances to be commissioned before a full national roll-out of the policy. I simply reported my research findings, which mainly involved surveys of property tax stakeholders.

It was the overwhelming view of those whom I surveyed by various means over several years, both in the UK and abroad, that any radical reform in such an important policy area ought to be thoroughly tested in the particular national environment before being fully implemented. Pilots generally occur in complex democratic societies, in both the public and private sectors, in all sorts of policy fields. They invariably aid good design and help allay fears about change.

My personal view is that a government minded to introduce lvt within its sphere of rule ought to have enough confidence in the merits of the policy to make a firm 'in principle' commitment to it at the outset. If a similar jurisdiction has recently experienced a similar reform then pilots could be dispensed with. I believe that in Britain, as land registers near completion and other necessary datasets also become more widely available, it ought to be possible to implement nationwide lvt — albeit not at a high rate of tax initially — within a single UK Parliament, ie. five years. Experts at the Royal Institute of Chartered Surveyors confirmed this to be possible ten years ago, with the caveat 'given the resources'.

I note that Fred Harrison would settle for a 10-year transition (according to his latest book), so perhaps I'm being too radical!

However the sad facts are that (a) our democratic politicians are risk-averse (and dictatorship is not a realistic option); and (b) they have no recent trailblazers to follow. It is perfectly reasonable, in the real world, to plan for pilots. As I have said, only semi-jokingly, to Scottish tax reformers: Scotland would be a great pilot for Britain. [And I don't accept that the Poll Tax was a bad precedent: with a true pilot, no Government should inflict ill-considered proposals on an unwilling nation over which it has no mandate, as was the case with the Poll Tax in Scotland.]

Hopefully, when my party has published and approved detailed proposals for UK-wide lvt later this year, and then negotiated with coalition partners in the next UK Government in about 2009, we may yet see Scotland willingly agree to implement a UK lvt pilot roll-out to mark the centenary of Lloyd George's People's Budget. Meanwhile I believe the real reason why the Scottish Review ducked out of lvt was here: "we question whether the public would accept the upheaval involved in radical reform of this nature." [In fact, this was the first point made by our report. Ed]

In other words, they funk'd the issue and used my report as an excuse not a reason. The Committee can't have it both ways. A pilot would help allay those fears of the public. I defy anyone to devise a radical progressive reform of tax in a democracy that could be successfully introduced quicker than lvt.

Clr Tony Vickers
Newbury (Liberal Democrat)

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Henry George Foundation

212 Piccadilly
London, W1J 9HG
ph +44 (0) 20 7377 8885

office@HenryGeorgeFoundation.org
www.HenryGeorgeFoundation.org

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