

LAND RIGHTS: AN APPEAL TO THE PEOPLE OF RUSSIA

RUSSIA'S Duma held a congress in Moscow on May 21 to analyse current problems of land policy. Ten Georgists from Britain and the United States presented an alternative strategy to the one proposed in the Land Code, which received its third reading on May 22. The Land Code was sent to the upper house, the Council of Federation - which is composed of representatives from all the republics - where it was subjected to analysis partly based on the Georgist critique.

The May 21 congress issued an appeal to the President, Parliament and People of Russia. This outlined the three options on land policy: the "liberal" proposals advocated by the West, the socialist proposals for greater control over land use through the law, and the market-and-public-finance model advocated by the Georgists. The Georgists produced an 8-paragraph statement that was included in the appeal, which is reproduced in full below:

1. The references to property rights to land in the Constitution and the Civil Code were prepared without giving sufficient consideration to the effects on the people of Russia. The Duma and Federal Government should unite to study the social and economic consequences that would follow the privatisation of land.
2. The law must promote and protect the private possession of land. Private possession ranges from the individual possessor (homeowner, businessman or farmer) to group forms of possession, such as co-operatives. But the distribution of land should be fair between every citizen in society. While the Duma and government are enquiring into the effects of land privatisation, it is possible to establish property rights under the leasehold system which would enable people to live and work on the land without creating social or economic problems. Leases - for land in both towns and countryside - enable people to

establish enterprises without the risk to their capital when the law on privatisation of property rights is completed. Leases also ensure that we do not prejudice the long term interests of all citizens to a fair share of their birthright - the land of Russia.

3. The rent of land is a social income. It is not created by the individual users or possessors of land. Rent measures the benefits that are enjoyed by people or enterprises who occupy land. The right to the secure legal possession of land should be matched by a corresponding duty to society. This means that whoever enjoys the resources of nature, public services and the locational benefits that give value to land ought to pay an annually assessed Social-Rent Charge determined under market conditions and equal to what market economists call the economic rent of land.
4. The revenue from the Social-Rent Charge would enable the government to reduce the damaging taxes on profits and wages. By this means the real living standards of workers would begin to rise. And everybody would enjoy a direct financial stake in the value of the land and natural resources of Russia. This would unite them behind a common programme of economic renewal that is to everybody's benefit. By this means Russia creates a community united in prosperity rather than divided by the class structure of the West.
5. The market pricing mechanism is necessary to measure rent correctly. This mechanism, when linked to the Social-Rent Charge, unites the social and ecological environments of the community for the benefit of the individual and of the community. The principle of paying for the use of land is fair to everybody. It is also the mechanism to ration the use of finite resources, for the pricing mechanism forces users to think carefully before
6. exploiting land and natural resources. This helps to conserve the ecological environment. If the pricing mechanism operates in a correctly structured market, it functions in harmony with the laws that serve the social interest such as town planning.
6. Everyone is entitled to an equal share of the rent that stems directly from the benefits provided by nature. Although the advantages of nature vary from one location to another, this problem is solved by giving every citizen the same Basic Income out of the rent collected by society. This income can be set against the Social-Rent Charge that is paid for possessing land. People whose Social-Rent Charge is less than the Basic Income would receive the difference as cash. The Basic Income would ensure that all persons in all generations could afford to possess land.
7. Communities should be free to decide what public services and infrastructure they want, and finance these expenditures from the increases in rent that they generate. Having the responsibility to pay the costs of their decisions would encourage communities to evaluate carefully whether the benefits exceed the costs.
8. By adopting these proposals, the people of Russia would prevent land monopolists from re-emerging with the destructive power to manipulate society for their anti-social benefit. We stress that the correct solution must be adopted at the start of the new social system: otherwise, the new class of land monopolists - either of the market or the bureaucratic kind - will build the power to prevent corrective reforms in the future. The lessons from history, from current social conditions in the West, and from economic theory, make it clear that there is one correct solution only: the one that links property rights and public finance to produce a free and fair society and efficient economy.