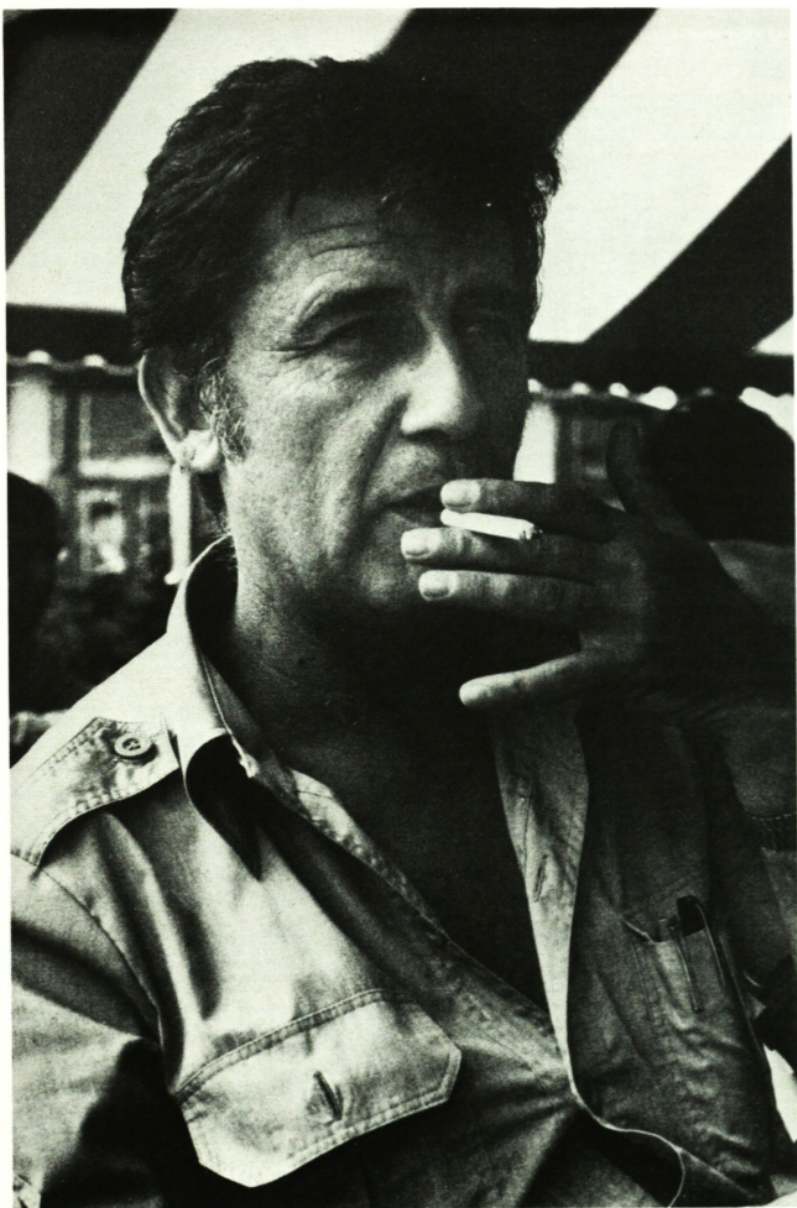


# LAND & LIBERTY

Twenty Page  
Bumper Issue Special



## SPECULATION — SOCIALIST STYLE!

THE POLISH crisis has exposed the weakness of socialist economies: planning has failed to deliver the goods to the workers. *Land & Liberty* postulates the fundamental problem in terms of the failure of Marxist economics to take account of Ricardo's theory of rent. Investment decisions ignore "bourgeois" economic criteria, and especially the process of rent determination. Socialists rely heavily on intuition in decision-making: the waste of resources has consequently been enormous. We publish a case study of the urban land market in Yugoslavia to illustrate the point. The evidence comes from Dr. Miodrag Janić (left). Bureaucratic intuition is used to determine the rental value of urban land. This approach has failed. So, although title to land is vested in the municipality, citizens can speculate in the growth of land values! Under Tito, Yugoslavia sought to mix capitalist and socialist economics into a hybrid system. Says Dr. Janić: "The whole structure operates within the framework of the planning system and the market mechanism as complimentary and indispensable preconditions for optimising decision-making in many fields of social and economic life." But if the planned socialist economy has failed, we in the West would have difficulty in defending the virtuosity of the "free" market in the face of the collapse of the capitalist economy. Ironically, the fundamental reason for the worldwide disequilibrium is that land monopoly has compromised the freedom of the system to operate effectively. The time has clearly come to re-examine basic economic principles, if we are to restructure the economic system (on both sides of the Iron Curtain) in a rational — and equitable — way.

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