

# LAND AND LIBERTY

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**COVER PHOTO:** Shows, from left to right, in Red Square, Moscow, May 22nd: Fred Harrison, Dr. Nic Tideman, Dr. Mason Gaffney, Dr. Michael Hudson, Ed Dodson, Dr. Kris Feder, Dr. Duncan Pickard, Sir Kenneth Jupp, MC.

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## EDITORIAL

# Quest for a cure for the sick society

WESTERN governments are celebrating the re-election of Boris Yeltsin as President of Russia. We will never know whether or not the return of Communists to power would have provided the people with a breathing space to formulate a more sensible strategy for transforming their society. But we now fear that Russia is destined to a second-rate society based on the worst of two social systems. Yeltsin represents the worst of Western monopoly capitalism. But folded into that system will be the continuing malevolent influence of the bureaucratic system that was created by the Tsars.

In this special issue *Land and Liberty* reports on last-ditch efforts to redirect Russia's land policy. If the proposals that have now been placed before Parliament are incorporated into the Land Code, they would make a world of difference.

That the Russian economy is in a grave state was revealed just before the election on June 16. Federal tax revenues were down nearly 40%. Yeltsin blew a £3bn hole in revenues by trying to pay part of the backlog of wages to workers. Industrial production declined by 3% in the first quarter of this year and investment had almost stopped because of Yeltsin's pre-election bribes to the electorate. And conventional economic wisdom is incapable of defining a rational strategy to lift Russia out of the mess in which she finds herself, thanks to the "shock therapy" administered in 1992 under the influence of Western advisors.

The land-and-tax reforms outlined in the Parliamentary Centre, Moscow, on May 21 offered a comprehensive plan for halting the rot and defining the most effective way to rebuild Russia. We cannot be sure that the politicians will now see sense. Will they really prefer the blueprint of the sick society in which people in the West live?

Sick our society is, and the malaise can ultimately be traced back to the unfair and inefficient way that we use land. Take the housing sector. In Britain, poor housing kills thousands of people every year. There are 1.5m homes officially classified as "unfit for human habitation" which are occupied by people who consequently develop chronic chest disease, hypothermia, digestive problems, schizophrenia and even cancer. These are the conclusions of two recent studies. Academics commissioned by the Royal Institution of Chartered Surveyors also connect bad housing with poor performance at school and crime. A new study financed by the Rowntree Foundation links bad housing with mental illness.

Poor quality housing as a global problem was highlighted at the United Nations Habitat II conference on cities in Istanbul in June. The conference agreed to a text proposing fourteen "concrete actions that government should take in pursuit of realising adequate housing for all". But the draft text fell short of obliging governments to provide poor people with housing. The US government shied away from this for fear of facing legal action by homeless people.

The fundamental reason why hundreds of millions of people throughout the world suffer from low or no wages - and occupy poor quality shelter - is because land is either hoarded or priced beyond their means. In addition, because rent is privatised people's wages are taxed. This means we all pay twice for the public services that we need - once as rents to landowners, then the taxes to government. This is an absurd arrangement that will one day have to be eliminated if sanity is to prevail. Russia now has the option of setting the pace for rational reform.