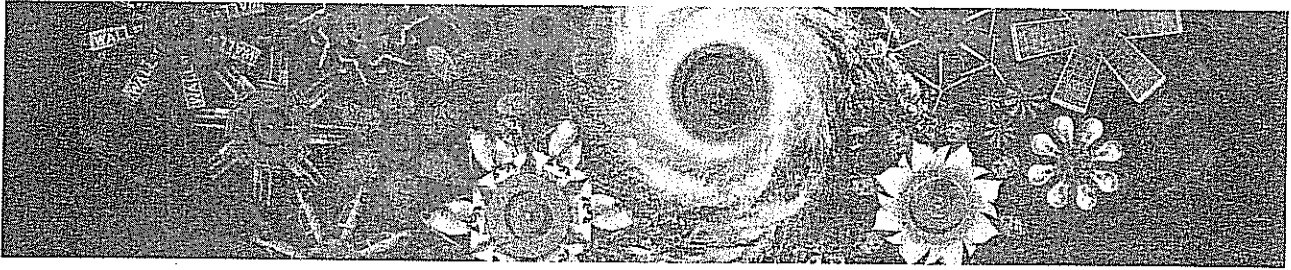


# Value Capture and Ecology:

by Ed Miller



Markets are about efficiency, right? It doesn't seem to make a lot of sense, even from an economic perspective, why there is so much sprawl or why people are destroying remote habitats instead of sustainably cultivating habitats closer to them. That is, until you understand how power functions given our entrenched system of land tenure.

Did you know that the greatest danger to the rainforests is not always agriculture or industry, but homesteading? The reason is that the South Americans have been so impoverished by their feudalistic land system that they've retreated to the forest.

What happens is that the latifundistas buy up huge swaths of land and the rents in the whole region rise, and there is nowhere left for normal folks to live a dignified existence. The rainforest becomes the new margin of production. It is free, and you can work the land without paying rent, and feed yourself and your family. Huge numbers of people have been driven to this.

The answer is not to simply punish those poor folks and shut them off from what is currently their best means of survival. The answer is to light a fire under those who are hoarding land unproductively, and open up real alternatives on land of better quality. Land that is closer to civilization, where they could find better jobs, and sell their goods to a broader market... if only they had access. Remember, free markets require free land because the market is land. The market is a place; hence why it is called the marketplace.

If we recaptured the full rental value of the land, it would have no selling price since there would be no capacity for speculation. Anyone who wanted to use land productively could do so. Growth would occur, but it would be of the most efficient sort, since people would naturally seek out the most productive locations. The vast majority of land value is in urban regions, since those are the most desirable locations.

Luckily, high population density allows for vastly more efficient use of energy and resources. Transportation and infrastructure costs are diminished since they can be spread between millions of people. Even heating and air conditioning use per person can be reduced to a small fraction among those who live in high-rises. What we think of as sprawl is by no means inevitable with urbanization. With value capture we can develop dense and efficient cities that live at harmony with nature, and not disturb surrounding ecosystems.

Value Capture would need to be combined with Pigovian "Taxes" to fully internalize all true negative externalities, and if that were the case then I see no reason to believe that remote wilderness would be negatively affected. Indeed, if the full rental value of the sites were recaptured, there would not be any speculative profit to be had, and it is conceivable that such land could be relinquished from private ownership.

If the rental price of prime urban locations is reduced to the same price as remote locations, there is no longer any reason to wish to escape high urban rents. The sprawl problem is solved. Of course, wilderness areas closer to cities would still need to be protected in the same way that forest preserves are now.

There are many ecologically-minded folks who talk about such things, such as Peter Smith, the Renegade Ecologist.

Indeed, some of the original leading figures of the environmental movement were believers in the idea, including Bolton Hall and Ralph Borsodi. John Muir, the founder of the Sierra Club, was apparently not usually interested in economics and therefore was never really a "georgist," but he was profoundly influenced by a young Henry George.

As with virtually any revenue structure, Value Capture could exist under many sorts of ownership arrangements. If there are public lands, they are, by definition, exempt from taxation and any development which occurs there is purely at the discretion of the government. Private wilderness preserves could conceivably be exempted from taxation, but one must be extremely careful with that. Such forest preserves should only be exempted if the land is to be protected in perpetuity, not just coincidentally when a land speculator wishes to hold it out of use.

These issues are directly relevant to both the misery of millions of people who have been forced to eek out an existence and the immense ecological destruction that occurs daily. Properly considered, the issues are one and the same! There is no need for the goals of the poor and the goals of environmentalists to be at odds. Malthus has been haunting us long enough. We should be working together, and through Value Capture there is a way.

When you think about it, it isn't so shocking that justice over the natural world would be agreeable to both humans and our biological cousins.