

Henry George News

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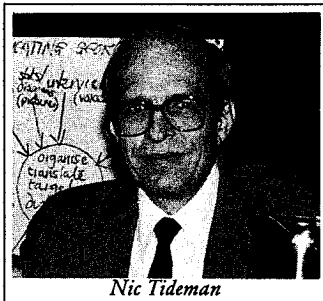
July - August, 1993

HENRY GEORGE (is back!) IN RUSSIA

by Prof. Nicolaus Tideman

The movement to collect the rental value of land socially is advancing rapidly in the former Soviet Union. Great progress has been made through the visits of Ted Gwartney, Dick Noyes, Mason Gaffney, Steve Cord, Lowell Harriss, myself, and various other colleagues, the unceasing work of Fred Harrison in London, and the growing contributions of numerous citizens in the new republics. This article is a more-or-less current summary of the many efforts that are underway.

Dnepropetrovsk, a steel city of 1.6 million in Ukraine, has been moving faster than any other city in the former Soviet Union to assess the value of land and collect that value for public purposes. About five years ago Dnepropetrovsk first started working



Nic Tideman

on a geographical information system that could be used for land assessment and fiscal management. The city is now collecting as much revenue from land as it possibly can under current Ukrainian law, revenues amounting to about 26% of the city's 1993 budget. The city wants to build a case for collecting all of the

rental value of land. They plan to do this, with my help, using their computer-based system of land appraisal and fiscal management, which still requires extensive data entry work. I have agreed to help them look for funding to speed the completion of this work.

Kaliningrad, the Russian city that was formerly Königsberg in East Prussia, is seeking to become a free trade zone. As a result of visits there by Ronald Banks from the UK, Dick Noyes and me, as well as work by people from Kaliningrad, many public officials there recognize the importance of social collection of land rent. However, the Russian law that permits cities to collect revenue from privatized land has limits on the number of rubles that can be collected per square meter. Unfortunately, Russian inflation has made these limits ridiculously low, and Kaliningrad officials must push for increases to make their land tax meaningful.

Moscow now has a Henry George Association, whose Vice President, Konstantine Kalachev, spends his full time creating support for the social collection of rent among Russian politicians, entrepreneurs and media representatives. Through Konstantine I met the Chief Administrator of Moscow, a former Professor of Computer Science named Kemer Norkin, who had independently discovered the virtues of public land rent collection. He was very pleased to find, though, by reading a booklet whose Russian title can be translated as *Tribute, Duty, Tax*, that an historical movement was based on these ideas. This booklet, which was financed by the Henry George School of New York, contains translations into Russian of Bussey's ten-page condensation of *Progress and Poverty*, a condensation of Steve Cord's *The Evidence for Land Value Taxation*, and two articles by me. With some help from me, Prof. Norkin has enlisted support from other high officials in Moscow in pressing Yeltsin and other officials of the government of the Russian Federation to permit a substitution of (continued on page seven)

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collection of the rental value of land for taxes on labor and capital. Yeltsin has read the initial request and asked Norkin and the Moscow City Council to prepare a more detailed plan and proposal.

The President of the Henry George Association of Moscow, Andrei Pavlov, arranged for a Russian translation of *Progress and Poverty* to be reprinted, with financial support from the Henry George Foundation of America. He now has reached an agreement with a printer to publish three books - a new edition of *Progress and Poverty*, *Protection or Free Trade*, and a collection of Henry George's speeches - at very favorable prices. The Henry George Foundation has agreed to finance the new edition of *Progress and Poverty*; the search is on for the funding to publish the other titles. A regular newsletter and another booklet like *Tribute, Duty, Tax* are planned.

The Henry George Association of Moscow is also working on arrangements with Moscow University for a conference in December that would introduce dozens of Russian economists to the Georgist proposal.

Moscow film maker Radi Kushnerovich is planning a series of TV films on the importance of efficient and just principles of public revenue. A Russian TV station has agreed to let him use a studio in exchange for the right to air the film.

Radi has also been collaborating with Shamil Yakupov from Kazan in promoting social collection of the rental value of land in the autonomous Russian Republic of Tatarstan.

In St. Petersburg, the capital of Russia between the time of Peter the Great and the Bolshevik revolution, there is a private consulting firm called *Ekograd* (that is, "ecological city") which is run by two women, Tamara Chistyakova and Tatyana Roskoshnaya, who came to understand the virtue of Georgist reform as a result of my first visit there in 1990. With help from Fred Harrison of London, they organized a conference in April at which representatives from 98 Russian cities decided to organize an experiment in which they would replace taxes on labor and capital with social collection of the rental value of land. They are hoping to receive permission from the Russian Supreme Council to go ahead with that experiment. *Ekograd* and Fred Harrison plan another conference


in October, at which a major effort will be made to extend the political support for their efforts.

Ekograd is on the verge of signing a consulting contract with the Russian Committee for Architecture, Town Planning and Construction - a Committee with status equivalent to that of a Ministry - to prepare reports, with help from Fred Harrison, Ted Gwartney, myself, and other Western experts, on such topics as a methodology for administrative decisions, and the rights and responsibilities of the users of land.

Ted Gwartney, Director of Appraisals for the Bank of America, held a special tutorial on assessment in St. Petersburg, for representatives of fifteen cities that want to start collecting the rental value of land.

Novgorod, a city of about 200,000 between Moscow and St. Petersburg, is the oldest capital city in Russia and widely respected. After learning from *Ekograd* about the importance of Georgist land reform, Novgorod officials examined Russian laws for a way to press quickly in this direction - and discovered that, while Russian laws severely limit assessments on privatized land, there is no such limit on lease payments for urban land. With broad support from the Novgorod business community, officials there have decided to forego the government's program of taxes on incomes, profits and sales, and replace that revenue by leasing land for its full rental value, which will be adjusted for inflation and reestimated frequently.

Are things really going so well? Why is such wonderful progress possible?

Many Russians strongly support the idea that individuals should not own land, because private ownership alienates what ought to be the common heritage of all generations of Russians. On the other hand, many others say that freedom and economic growth can only come about through a system that turns land over to individuals to use as the market dictates. Russians who are familiar with Henry George's ideas realize that these two perspectives can be harmonized, either by a system of private possession or by a system of leases - as long as those who have land are required to pay its full rental value. They can then use the land as they wish provided that others are not harmed, and can transfer it to whom they wish on whatever terms are agreed. Henry George's ideas have the potential to resolve a great controversy over land relations that exists in Russia today - and that is why they are making such rapid progress there. 



Radi Kushnerovich