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## NEWS REPORTS

**Belfast (7); Dublin (8); Seoul (17); Melbourne (19)**



**PRINCE CHARLES plans to meet Scottish nationalists to discuss their plans for land reform. *The Daily Telegraph* reported (Aug. 31): "Many landowners are fearful about the party's proposals for reclaiming land in the name of the people and, as a large estate, Balmoral would not be exempt". *Land & Liberty* will report developments in Scotland to uncover the lessons for social reformers in other countries.**

**Cover photo: US Vice-President Al Gore and British Premier Tony Blair hatch plans for a Third Way future (p.2).**

## LAND & Liberty

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**THE LOGIC of history overtook the command economy in the 1980s and the welfare state in the 1990s. Now it's back to first principles in the search for a vision for the 21st century.**

Science, technology and managerial systems failed to override the grievous problems inflicted by the systemic flaws, such as recessions, social deprivation and the unsustainable depletion of nature.

Global society remains exposed to a governing set of rules which are

□ programmed to generate poverty,

□ guaranteed to foster Asian-style crises, and

□ committed to resisting radical analyses - let alone the adoption of solutions.

Liberal democratic society needs a philosophy that supplies answers. The history of Marxism is instructive. It attracted adherents because it offered a theory of exploitation which chimed with the plight of the masses, who were materially impoverished and excluded from the cultural mainstream. And its vision of history offered hope to the dispossessed.

As a prospectus Marxism was false: millions died as they were force-fed the ideology. But at the same time, in the West, millions have died from causes related to poverty which could have been avoided.

Today, post-Soviet triumphalism is tempered with humility. Governments do not know how to keep the global economy afloat: it is out of control, "stabilisation" programmes capriciously cast aside under the weight of economic realities. There is now a powerful consensus in the global community that, as a joint enterprise, we must search for sustainable development. New groundrules have to be identified and adopted.

**THE DYNAMICS of social change are rapidly altering. The stakes are escalating.**

A necessary principle of social evolution is experimentation, with a price attached to miscalculation. The human and ecological penalties for errors have increased exponentially. End-of-the-world alarmism does not encourage an informed debate, but we have to recognise that the price of ideological folly has undergone a quantum leap. So the plans that statesmen may now propose need to be carefully audited before people accept them. Glib promises, without a full accounting, will not do.

People generally accept the need to amend attitudes and behaviour, at least in relation to our natural habitat. In this sphere there is a natural check: even if our reason fails us, nature can alert us to the need to modify lifestyles and institutions.

But the organisation of society is also being questioned. The need for new approaches is the result of a profound disquiet about the certainties of the 20th century. The causes of discontent penetrate deep into the individual and collective psyche.

The quest for new signposts into the future has been formally launched by President Bill Clinton and Premier Tony Blair. They convened a conference in New York on Sept. 21 to arouse enthusiasm among think-tankers and academics.

Bill Clinton's horizons are limited. In his State of the Union speech on Jan. 27, 1998, he said: "My fellow Americans, we have found a Third Way. We have the smallest Government in 35 years, but a more progressive one". Mr Clinton may survive as President until 2000 if his nemesis, Kenneth Starr - appointed to investigate the Whitewater land scandal - fails to displace him from the White House. But time is required if we are searching for more than soundbites. That is why implementing new strategies may fall to Clinton's heir-apparent, Vice-President Al Gore. He will bid for the presidency with a track record of concern for the natural environment. He enjoys a 50% rating in national Democratic polls, way ahead of the Rev. Jesse Jackson's 12%.

Tony Blair wants another nine years in Downing Street - adequate time to promulgate laws that favour a post-modern social system.

But there is a real danger of failure. The philosophies that span the political spectrum have one feature in common: they are bereft of a viable set of principles capable of synthesising the energies and the talents of people with the resource endowments of nature. *Liberating people by returning to*

# Groundrules

*them their rights of access to nature is the only way to generate a synergy of sufficient power to solve the world's problems.*

This sweeping claim can withstand forensic scrutiny. It is the starting point for any attempt to define mechanisms for the evolution of a reinvigorated democracy.

**THE POSSIBILITIES for enlightened reform are greater than was the case with past attempts.**

Two new factors intrude on efforts to shape the future.

**First: Earth.** Nature is an irresistible force. She is compelling us to re-examine the processes by which we use and abuse resources. Al Gore's recognition that nature must feature as a central component in a new contract between nations is a vital ingredient of a post-modern world.

**Second: Globalisation.** International trade is now combined with the information technology and financial wizardry that can cause havoc for hundreds of millions of people. One victim is the taxman. Old-style taxes on people's wages and their savings cannot continue to deliver the revenue that governments need. Again, Earth will come to the rescue. The rental value of natural resources cannot be zipped away into a Swiss bank account at the flick of a keyboard. Or at least, this would not happen in a rational system of public finance.

These insights link to the recognition that failure is inconceivable to the new generation of politicians like Blair, which brings us back to Sept. 21. The hand-picked speakers assembled in New York could not identify substantive solutions, but that should not be cause for concern. Such talks are necessary to debrief social scientists, who must be confronted with the void in their intellectual apparatuses. They need to step out of the ivory towers and into the throes of an unfolding challenge in the real world, provoked into reappraising all options in the search for solutions.

They will discover that the wisdom the world now needs is buried in the pages of history. Some of the key policies have been available ever since the Physiocrats tried to rescue 18th century France - at the time, the most powerful nation in the world - from its decadence. A cornerstone of modern society, they discovered, was a sound system of public finance. A civilised society needs a healthy public sector, the pre-condition for which was the public collection of the socially-created rent which people are willing to pay for the use of land and natural resources.

Resource rents are sufficient to enable governments to de-tax wages and savings. The Physiocrats were correct.

But we know from the thwarted attempts at reform in the past that this economic truth, by itself, is not sufficient to mobilise effective democratic demand for change. It needs to be synthesised into a coherent philosophy which explains poverty and provides people with the tools for mastering the

damaging twists and turns of the economy. The foundation principles of that philosophy, as it happens, are to be found buried in the dynamics of public finance.

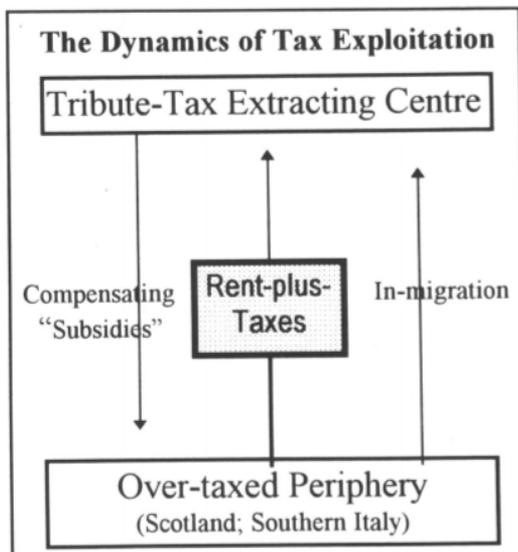
**MODERN governments employ an abusive system for raising revenue.**

Taxation is arbitrary and discriminatory. Whole regions are plundered to enrich the social "centres" (see figure), which in turn displaces people from their home territories and provokes eco-crises. This must be explained, for the belief persists that naked exploitation as a social process is a thing of the past or of alien systems, not an intrinsic feature of Western democracies.

It is false to believe that exploitation is peculiarly restricted to the land-owning aristocracy who extracted socially-created rent for their private benefit. Industrial society was forced to retain this late feudal process. As a result, encrusted on it was a revenue system which was necessarily inferior to what people in a democracy could expect.

Modernising governments not only sponsored the extensive - or imperial - colonisation of other people's lands to extract the rents of their natural resources. *They actively embarked on the intensive colonisation of their own citizens, by extracting the taxable surplus (the resource rents) from peripheral regions to enrich the administrative "centre".*

Tax rules appear to apply equally to everybody. This is an illusion. They discriminate against some regions in favour of others. This theory can be tested in relation to deprivation in the "peripheral" regions of Britain and Italy.



□ Nationalists in Edinburgh (the SNP) claim that, since 1979, Scotland has sent £27bn more to the Exchequer in London than they received back. The "subsidies" granted by Westminster failed to offset the damage inflicted on Scotland (see page 4). This analysis is part of the story: it does not expose the flaw in the revenue-collecting system itself.

□ Italy continues to wrestle with its "Southern question", in which endemic poverty compels people to adopt anti-social solutions to survive (see page 14).

In forthcoming issues, *Land & Liberty* will explore the theory of tax-driven exploitation in the democracies with reports from places like the coal-rich Appalachian mountains of the USA. We aim to explain how

fiscal policy can be made fit for people.

In doing so, we need to make clear the editorial view of this journal. Justice is compromised when any part of the value of natural resources is privatised. Economic theory as well as historical evidence amply demonstrates that when any but a trivial part of resource rents is captured by privileged individuals, everybody else pays a heavy material price. But the spiritual and cultural costs - the pathology of taxation - have not yet been computed. They must be taken into account. In doing so, we will see that *socialising the rent of land and natural resources has to be a non-negotiable principle, precisely because it is a pre-condition for both social justice and economic efficiency.*

Some people may be willing to yield some of the material benefits of efficiency, but they have no right to compromise the rights of others. Therefore, even if they were willing to yield their natural rights, they cannot do so; that would necessarily compromise other people's rights. There can be no halfway measures down the road to justice.

Today's statesmen are on the threshold of a new world in which, as individuals, they could make a difference. They could move society beyond the modern era. Or they could postpone our date with history.