

The Greens and the Tax on Rent

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I

WE HUMANS are worried about the damage we are doing to our environment. This concern has now been formalised by Green political parties in many countries, or by more loosely-based movements, as in the United States and Australia. But on present evidence it seems that politically active ecologists are, on the whole, failing to articulate policies that systematically alter the fundamental relationship between our species and its habitat.

Our habitat is classed in the study of economics as natural resources, or 'land'. Though it is basic to all economic activity it has yet to be accorded much room in economic discourse. The value of natural resources has yet to be adequately reflected in economic decision-making (Dasgupta 1990; Brundtland 1987). Though Green politicians emphasise this shortcoming, they tend to recognise it only where natural resources are being rapidly depleted, and to overlook it where renewable land uses are taking place. In other words, they do not have a systematic view of the place of land in economic calculations.

It is our claim that a systematic view that appropriately relates ecology and economics was expounded over a century ago by the outspoken economist Henry George. In Part II we shall review the economic policies that are deemed on this view to be needed to meet the ecological challenge. In Part III we shall offer some remarks on the general acceptability of these policies. Then in Part IV we shall look more closely at the Green parties and movements to see to what extent they incorporate Henry George's message. Finally, in Parts V and VI we shall focus on two policy areas to illustrate general themes.

II

The message of Henry George as it relates to environmental problems is threefold. Firstly, efficient and sustainable exploitation of natural resources depends upon the proper functioning of unimpeded markets. Secondly, equitable distribution of the benefits of natural resource exploitation depends upon the recognition that these resources are the common heritage of mankind, through all generations. Thirdly, efficiency and equity depend upon each other.

The proper functioning of unimpeded markets means that either free market clearing prices should rule where markets already exist, or that markets should be created where they are absent.

Interference with already existing markets and its baleful consequences for the environment are abundantly documented. Government price support for agricultural products in the United Kingdom, for example, leads to over-use of the countryside by farmers (Bowers and Cheshire 1983: 138; and see Body, in Chapter 9). Give away prices obtained by public landowners for leases of timber rights, or by public irrigation works for water supplied, lead to over-use, and wasteful use, of forest and water resources (UNEP 1988: 206, 209). Governments not only give away the public domain, they add to the value of the gift by subsidising more intensive uses than the land can economically or ecologically support (UNEP 1988: 209). Brazilian governments, for example, have not only given away land for resettlement of overspill population in the Amazon rainforest, but have created tax incentives for cutting down more forest to make room for cattle ranching. 'Too often,' observes a recent United Nations Environment Program report, 'governments underestimate the economic and environmental viability of alternative uses' (UNEP 1988: 211).

Lack of markets, rather than impediments to their functioning, is the problem in the case of the 'commons' — the atmosphere, the oceans, rivers and streams, public spaces, and wildlife species. Because they belong to no-one, or to an uncaring public sector, no-one charges for their use. Their services are 'free'; and so there is a temptation to over-use them. The costs are born externally — by society as a whole, or by future generations. In erstwhile Communist countries, where land was until recently 'common property', all land

was explicitly regarded by the planners as 'free' because no labor had gone into producing it. These countries were not known for their environmental sensitivity.

The solutions are in the first case for governments 'to remove inappropriate subsidies and incentives', as the UNEP report notes on page 212, and in the second case for governments to create exclusive rights of access to the commons and auction them to the highest bidder, as the Pearce Report to the United Kingdom government in 1989 has indicated (Pearce, Markandya, Barbier 1989: 161-166). Europe is beginning to scale down farm subsidies, and Brazil has removed direct tax incentives for deforestation. The American Environmental Protection Agency has experimented with tradeable air-pollution permits, and successfully used tradeable lead quotas to facilitate oil refineries' reduction of the lead content of petrol. Such solutions are undoubtedly Georgist. But they do not by themselves contain the full substance of the Georgist proposal.

'What is probably the deepest truth we can grasp? That alone is wise which is just; that alone is enduring which is right,' wrote George in *Progress and Poverty* (1879):

In justice is the highest and truest expediency . . . Unless its foundations be laid in justice the social structure cannot stand. Our primary social adjustment is a denial of justice. In allowing one man to own the land on which and from which other men may live, we have made them bondsmen in a degree that increases as material progress goes on . . . Let the landholders have, if you please, all that the possession of the land would give them in the absence of the rest of the community. But rent, the creation of the whole community, necessarily belongs to the community.

For Henry George, equity and efficiency formed a seamless garment. He was an ardent advocate of free markets on both grounds, but, in the case of land, he observed that it was not desirable on either ground, nor even necessary, for the owner of the land, unless it be society as a whole, to receive direct financial benefit merely on account of ownership. The only legitimate demand for land is either to use it productively, or for its natural services. Land (including the commons) is a *sine qua non* of human interaction and production, and also yields direct services, such as satisfying the desire for wilderness, absorbing pollution or, in the case of the tropical rainforests, providing global air-conditioning. Any interest in land as a

mere financial investment interferes with the performance of these functions. It also makes the distribution of the financial surplus accruing to land unequal among people. George's most controversial prescription, therefore, was that the community should recover all the land rents that the creation of freehold tenancies had alienated into private ownership.

The rules by which land is occupied dictate the way people relate to each other and determine the success with which they interact. The system of land tenure may be used to divide people, or to integrate them into healthy communities. Examples of the former case are the *apartheid* laws of South Africa, which created the Bantustans to segregate races, and the large rural estates of Latin America which also vouchsafe the best land to a few. An example of the latter case may be found in Denmark, where the Viking tradition that the land belongs to all the people has underpinned specific tenurial measures, such as taxes on land value and on the imputed rent of owner-occupied housing, which have allowed the development of a relatively equal society.

Another Georgist prescription we have already mentioned: the users of land and natural resources already in the public domain should be charged the full market rent. Not to do so would be to alienate the rent.

A third prescription would be to ensure that any new types of property rights in natural resources that are created by government decree are designed to return the resource's rent to the community. As Professor Dales has put it, for example, in the case of rights (marketable permits) to emit waste into rivers: 'The rights should be for one year only, the price of one right for one year representing the annual rental value of the water for waste disposal purposes' (Dales 1968). It is not sufficient for governments simply to create new land markets. They must do so by extending the public domain and charging full rent for its use.

III

That every person in every generation has an equal right to the use of land was Henry George's basic moral axiom. It is one with which few people would disagree, and it is certainly common ground in the

Green movement. Collection of land rent by the community is not commonly perceived as its necessary logical outcome, however. Socialists see the connection, but go on to make the fatal mistake of proscribing private ownership of land altogether, thereby missing another connection — between private decision-making and prosperity.

Perhaps J. S. Mill diagnosed the most important reason for missing the connection when he described the law of rent as the *pons asinorum* of political economy. *The Concise Oxford Dictionary's* entry for *pons asinorum* runs 'bridge of asses, i.e. 5th proposition of the 1st book of Euclid, hence, anything found difficult by beginners.' As the concept of economic rent has still to be widely grasped, the possibility of a political movement for appropriate land reform would seem to be as remote as ever.

Henry George's message appears destined to fall between political stools. To Greens it offers equitable sharing of the world's natural resources; to non-Greens, economic efficiency and, hence, growth. Within both groups, it offers thoroughgoing private ownership of producible goods and services to those of Rightward persuasion, and untrammelled social ownership of natural resources to those of Leftward persuasion. But it cannot satisfy all of these four corners of the political boxing ring at the same time, or any of them all of the time.

The compensation of landowners, to which Henry George objected, is also one which prevents all but the more devout Greens or Reds considering a thoroughgoing application of Henry George's main proposal. Tideman notes (see Chapter 2) that in the USA only a popular movement embracing most landowners as well as non-landowners would enable the constitutional change necessary to allow major curtailment of owners' rights to income from land without compensation. And without such popular support the task of designing politically feasible compensation procedures, even in the form of a phased introduction over a long period, is a daunting one.

This combination of unfamiliarity of terms, awkwardness of political fit, and high popularity threshold requirements explains why George's message often meets with the response: 'If it's so good, why hasn't it been tried?'

IV

The Message and Deep Ecology

The United Kingdom Green Party The Green movement is strong on goals but weak on practical policies for achieving those goals. It is therefore host to many nostrums claiming to show how things really work and how to put them right. Land value taxation is seen by many Greens as one such nostrum, propagated by cult followers of an American frontiersman who intone incessantly about land rents. Although it has found its way into the rolling Manifesto of the UK Green Party, it occupies a cobwebbed compartment of its own ('Land Tenure') and is not seen as an important part of economic policy.

The case of the UK Green Party is instructive, as it is one of the few Green parties that has been faced with the message of Henry George. In 1981 it devoted both its Party Conferences to land tenure policy, but despite intense and exhausting debate it failed to reach agreement and has been wary of broaching the subject ever since.

The aims of land tenure policy were quickly established. They were to

- (a) re-establish land as a common heritage and community asset, no longer subject to monopoly or speculative pressures;
- (b) establish for all equal right to occupy land, so providing a proper framework for the ecological use of land in small units;
- (c) guarantee security of tenure to occupiers of land on this new basis;
- (d) ensure that returns from land which are in no way due to the efforts of individuals shall accrue to the community (Ecology Party 1981: 9).

This is a perfect statement of the Georgist position. Controversy raged, however, over whether these aims could be better achieved by 'positive' land redistribution or by instituting a self-regulating mechanism in the form of a land value tax, to be called, more appropriately, Community Ground Rent (CGR). The argument was conducted by a few enthusiasts on either side whilst the majority of those present struggled to understand 'the complex issues involved' (Oubridge 1986).

Those against CGR (who preferred to call it Land Tax) were of the opinion that it was a flat rate tax per acre of farmland, such as was supposedly used under colonialism to drive the indigenous population off the land into cities. It was seen therefore as an instrument for concentrating land in the hands of rich farmers, or at least forcing farmers to over-use land. They also thought it would be unworkably complex to implement. Their own proposals of stripping the public sector of its surplus acres, putting statutory limits on the size of holdings, vesting surplus land in a National Land Bank or in local authorities, and selling or letting it to individuals and collectives appeared to them to be more practical.

Community Ground Rent found its way into the Party Manifesto after the first conference despite time running out before the alternative proposals could be put. It was then rejected in favor of statutory limits at the second conference, but the 'Great Land Debate' ('the greatest controversy the Party has ever known') was not formally concluded, and the Manifesto was not amended (Oubridge 1986). Massive procedural failure determined the outcome, but it took much of the rest of the decade for the wound to heal and for the subject to be re-opened at party conferences.

The presence of CGR in the Green Party's *Manifesto for A Sustainable Society* was, therefore, for many years an accident of history. Its roots were too strong, however, for that accident to be reversed. Opponents softened their attitude considerably, but the Party's Land Working Group was informed that they were still awaiting a 'two sentence explanation' of why, in particular, CGR would be good for small farmers. Nevertheless, with room left for 'positive measures' to redistribute land if necessary, CGR finally found a *bona fide* place in the Green Manifesto in 1988 (Green Party 1988: 74-76).

There is also a wide feeling that CGR is 'potentially unpopular because it would be seen as a new tax bearing largely on owner-occupiers' (Wilmore 1989). Two-thirds of UK homes are owner-occupied. Moves are afoot to tie CGR to the Party's Basic Income Scheme, which would be a form of visible compensation, and which itself faces potential unpopularity. Funding by CGR would take some of the pressure off income tax (*Land & Liberty* 1987: 53), and would also be a way of using 'inherently unearned income' rather

than transfers from the working population to provide for those who choose not to work (Wilmore 1989).

Some opponents of this position, however, regard income from investing in land titles as no more 'inherently unearned' than income derived from investing in other assets. They therefore regard CGR — as opposed to a comprehensive wealth tax — as inherently discriminatory. Nevertheless, they advocate a J. S. Mill style 100 per cent tax on increments in land rent to prevent land speculation (Chapman 1990).

This diffidence regarding CGR, and the increase in tax revenue envisaged as well as CGR revenue, shows that the Green Party pays no heed to one of George's less controversial prescriptions — the need to reduce government distortion of markets. Suffice it to say that the Green Party is a high tax party.

It is not surprising therefore that there is no doubting the Party's commitment to the other less controversial Georgist prescription. It does not hold back from advocating resources taxes and pollution taxes. Both are attempts to share the 'commons' equitably and efficiently. The former tackle the 'temporal commons' of non-renewable resources, which if underpriced are over-consumed by earlier generations who thus deny rights of access to later generations. The latter are the 'spatial commons' referred to earlier.

Resources taxes designed to raise the costs of non-renewable resources to consumers and encourage re-use and recycling are known in America as severance taxes. Robert Andelson comments:

Although the taxation of land rent is, of course, the method characteristically emphasised by Georgism, a severance tax is simply a different technical application of the same philosophy, adapted to different circumstances but equally amenable to determination by the market (Andelson 1991).

One caveat might be that the issue of rights to consume certain tonnages of raw materials (like Daly's Depletion Quotas — Ekins 1986: 231), along the lines of rights to dump certain tonnages of waste, would be a more thoroughgoing market proposal. Rates of consumption would be more strictly controlled, and the market would accurately determine the resource rents which flow from them. Tax levels on the other hand would be less easy to determine;

for the effects on consumption rates would not be known. The same reservation applies to pollution taxes *vis-à-vis* pollution permits. The Green Party, however, does not like the terminology of 'permitting' pollution, as opposed to 'taxing' it. Nor is it quite happy with the idea of creating new markets.

Deep Greens the world over share with the Left (Reds) their antipathy towards markets. From the evidence of history they do not believe that markets work, except in favor of the rich, and do not believe that they can be made to work. A summary quote from an 'eco-socialist' active in the UK Green Party may serve to show how far the message of Henry George is from penetrating this corner of economic thinking:

... while Green rhetoric often implies a wholesale rejection of the economic status quo, few of the concrete proposals envisage basic structural change, tending rather to suggest piecemeal ecological or social reforms. There is no advocacy of changes in the ownership of large companies, for example; and although the 1987 Green Party manifesto carries a marginal note pointing out that '52% of the UK's land is owned by a mere 1% of the population', the policy on land tenure — the levying of Community Ground Rent — stops short of envisaging any expropriation of that rich 1 per cent (Ryle 1988: 41).

Other Green Parties The first of all the Green parties, the Values Party of New Zealand, understood the connection between common rights in land and the public collection of land rents because of its Maori connections (Noble 1979). But the Party barely survives.

The most famous Green Party, *Die Grünen* of West Germany, has not been introduced to the connection. Apart from its Marxist elements, it is known to be slow in its development of thinking on economic policy. Its economic spokesman in 1985 regarded the existence of vacant houses in German cities as 'a political problem, not necessarily a problem of property,' which could be solved by having the will to enforce already existing laws 'prohibiting this kind of abuse' (Sprenak and Capra 1986: 94). Five years later, the analysis had not deepened.

The Green movement developed rapidly towards the end of the 1980s in the Soviet Union, where environmental problems now come second only to food shortages as an electoral issue. Green parties have been formed in each of the Baltic republics, where they have

been influential in the separatist movements (Peel 1990). In the Soviet Union, green policy is at present simple to formulate; abandon each new investment mega-project, because it has been planned with total disregard to the environment in line with anthropocentric communist ideology; 31 out of 34 scheduled nuclear power stations had already been abandoned by early 1990, according to a Soviet government representative at a *Die Grünen* conference. The prospect of undoing the damage that has already been done is, however, more daunting.

In the shadow of such clear-cut environmental imperatives it is less clear how much importance will be accorded by Greens to the more subtle issues of land tenure. The Land Law approved by the Supreme Soviet in February 1990 (Peel 1990) moved towards private ownership of land in agriculture by introducing tenancies and leases and the right to bequeath land to one's children, but stopped short of allowing the right to buy and sell land. It is possible, therefore, that, in this particular area, communist ideology may yet bestow a valuable legacy, by retaining land rent for government revenue. The Soviet Union would, however, still have to devise a method for measuring the full market rental value of land (see Harrison, Chapter ?).

The Other Economic Summit Two alternative economic summits were held, in London in 1984 and in Bonn in 1985, in conscious opposition to the economic summits of western world leaders in those years. Their aim was to bring together the ideas of those who oppose current economic orthodoxies from a Green perspective, and develop what was claimed to be a New Economics. The work continues, and is now organised by The Living Economy Network (LEN). The book of the conferences, *The Living Economy* (Ekins 1986), contains two expositions on land reform, from a micro-economic and a macroeconomic point of view, both of which are Georgist. But, as in the UK Green Party, the confidence to relate the position to other economic issues, apart from the possibility of funding a national income scheme, does not exist.

Scepticism over the benefits of current market institutions is also strong, but market solutions to problems are willingly embraced. A Universal Stock Ownership Plan to spread share ownership, and

marketable Depletion Quotas to conserve non-renewable resources, are two examples.

The Green Movement in the USA The Green Movement in the United States is still at grass roots level. Gradually a Green Politics is emerging, but at the beginning of the 1990s a national Green Party had yet to appear. The features distinguishing it from its European counterparts seem to be the political system within which it operates, and its geographical spread, rather than any innate characteristics. The same tensions exist between realists and fundamentalists, socialists and conservationists, materialists and spiritualists. But US politics is the arena of the two-party system *par excellence*, and huge geographical area also militates against the development of a unified third party.

However, the US has produced Henry George, the strongest allegiance to the market system, and much of the theory of environmental economics; so one might expect American Greens to be relatively strong on economic policy issues. But they are not (see page 167). As in Europe, emphasis on democratic control of the future still tends to be thought of in terms of political institutions rather than market institutions.

Nevertheless, 'the serious end of the USA's Green movement accepts the need for land value taxation,' Paul Ekins, coordinator of The Living Economy Network, assures the present author. He cites the monthly publication *New Options*, edited by Mark Satin. It has an impressive list of well-known Greens on its Board of Advisers. The February 1989 article, 'Affordable Housing: Laying the Groundwork' assessed what the land value tax offers and concluded

with a bit of luck, 'Lower Taxes to the Ground' (or 'Own Production, Not Creation') will be a rallying cry of activists in the 1990s . . . Someday soon, most Americans are going to get tired of listening to Jack Kemp and Jesse Jackson argue about how to throw money at the housing problem. Will Common Ground [the Georgist movement] and the U.S. Greens then be ready to roll?

A Green quarterly which is directly descended from the Georgist movement is *Green Revolution*. It is published by the School of Living, which currently sponsors the Fourth World Assembly, and is strongly decentralist. Elsewhere, a statement from the Catholic

bishops of the Heartland (Midwest) addresses ecological use of land and 'calls for small-is-beautiful *land reform* as the only sustainable course for rural America,' according to Charlene Spretnak (Spretnak and Capra 1986: 252). This involves 'taxation of agricultural land "according to its productive value rather than its speculative value", "taxing land progressively at a higher rate according to increases in the size and quality of holdings" (a proposal in the Jeffersonian tradition),' amongst other measures. The reservations of some UK Green Party activists about the effect of land value taxation on small farmers are clearly absent here.

It is difficult to assess the degree of penetration of the Georgist message through such a decentralised movement, but it is there, and undoubtedly has strong advocates where the Green political platform is being constructed.

The Message and Shallow Ecology

The emergence of 'shallow ecology' in recent years — the mainstream response to the international issues of acid rain, the greenhouse effect and the hole in the ozone layer — may hold out more promise for the spread of land value taxation than the earlier emergence of the Greens, or 'deep ecology'. This is partly because market solutions to problems are more intelligible to Rightward-leaning non-Greens, and partly because such solutions involve creating new types of property which have not yet been converted into private vested interests and thus do not present compensation problems.

The former UK Prime Minister, Mrs Margaret Thatcher, signalled the acceptance in the inner sanctums of the Establishment of the importance of Green issues during her set-piece speech at the annual Conservative Party Conference in 1988. And she did so in distinctly Georgist terms:

No generation has a freehold on this earth.

All we have is a life tenancy — with a full repairing lease.

The European elections of 1989 provided further evidence of the upswing in the political fortunes of the Green movement. Massive gains were made by the Green Parties throughout the Community

(except in West Germany where their already significant vote merely held up). In the UK their proportion of the vote surged from 0.5 per cent to nearly 15 per cent. This is less surprising if it is borne in mind that the environment is one of the areas where policy is increasingly being set at the Community level.

A 'carbon tax' on fossil fuel burning, to reduce emissions of the 'greenhouse gas' carbon dioxide, was already being considered by the Community, and is also being looked at sympathetically by the UK Government. Putting a price on the environment and allowing the market to allocate its use, rather than increasing government controls, is the preferred Conservative Party opinion, according to recent Environment Secretaries (e.g. Ridley 1989: 15-16). An academic environmental economist, Professor David Pearce, was appointed special adviser to the Environment Secretary; and in an officially commissioned report he rehearsed the arguments for pollution taxes and marketable pollution 'permits'.

As argued earlier, both measures are essentially Georgist ways of sharing scarce resources. The first has the tactical advantage, however, from a Georgist perspective, that it may not be alienated from the public sector (though it may be less efficient). Given the Conservative Government's propensity to 'privatize' public assets, it is likely that any pollution permits created will be sold 'freehold', as it were, rather than leased annually to the highest bidder.

In the United States, deep ecologists (Greens) are actually standing in the way of practical action on the environment, whilst shallow ecologists (economists) are pressing for it. Politicians might have been more committed but for the 'litigious' Greens. Frances Cairncross writes in *The Economist*:

In spite of the hostility of environmentalists, who see them as a way of making money from dirt, economic measures to tackle pollution might increase. Regulations work best when they can be applied to a few large polluters ... governments will increasingly have to turn to taxes and charges ... As monitoring improves and the costs of additional clean-up increase, marketable permits will also look more attractive. In June President Bush announced a scheme to cut sulphur-dioxide emissions with a scheme of tradeable permits for electricity utilities. The Environmental Protection Agency is considering using marketable permits to phase out chlorofluorocarbons (CFCs). Indeed, some in the administration would like to see CFC permits auctioned, so that the windfall

profits from its diminishing supply accrue to the government, not the chemical companies (Cairncross 1989: 10).

In view of the revenue that sufficiently onerous taxes or permits might raise, it is possible to envisage a big shift away from current forms of public revenue to 'green revenue'. President Bush's 'no new taxes' platform could not limit the scope of tax reform indefinitely, for environmental improvement by regulation alone would be too costly to the economy (*The Economist* 1990). Given the educational impact that raising public revenue from natural assets (land) would have, it is possible that the Green Revolution could spill over into more Georgist views on existing land ownership.

Even arch-conservatives are able to concede that Georgist land tenure is the most effective way of occupying previously unowned territories. Dr Donald Denman, Professor Emeritus of Land Economy at Cambridge University, regards the seabed as 'a rare opportunity for the land value taxers to start again at the beginning ... to pursue a 100% rent tax policy without upsetting entrenched interests' (Denman 1984).

V

Other virgin territories spring to mind as untrammelled by western-style private vested interests (though not tribal interests): Antarctica and the tropical rainforests. The Amazon basin, for example, presents an opportunity for the application of sound principles of land tenure to resolve environmental and economic conflicts simultaneously.

The Brazilian Government needs \$15 billion each year to service its foreign debts, which it will have to realize by imposing austerity programs on the already poor — rather than by the 1989-90 expedients of freezing or capping payments. This process commenced on the day of President Collor's inauguration in early 1990, though, remarkably, it began by aiming at the rich who had benefited from years of four-figure inflation.

Brazil has within its sovereignty a vast renewable natural resource of great value to the rest of the world — the rainforest, which combats global warming significantly, and accounts for a large fraction of the world's gene pool. If it were to lease this resource as a

nature reserve (with sustainable uses) to the rest of the world at a rent that would supersede all possible gains or savings from allowing the forest to succumb to settlers, cowboys and gold diggers, it would not only be free to settle its debts rapidly, release constraints on its own people, and safeguard tribal territories, it would also be acting in the best interests of all other nations, by putting capitalist doctrine into practice, and showing that markets can be for the equal benefit of all. Meanwhile, because the rental value to the highest bidder of conserved rainforests has not been tested, rich, capitalist-orientated nations are agonising over, not just debts that are due, but how to give aid to poorer nations in order to reduce their impact on the world's climate.

'Debt-for-nature' swaps, in which mainly voluntary organisations buy debt from countries at discounted rates provided that the money is used for conserving forests, are a free enterprise recognition of the principle. But the matter should not be debt-related, and should be the concern of governments and the United Nations, as should all global environmental problems that may be tackled by correct assignment of property rights. The Green Movement, which has highlighted the issue, has been slow to see the solution — though Nicholas Guppy, of Survival International, and Dr Norman Myers, a leading conservation scientist, were within sight of it a decade ago (Guppy 1980: 5; Myers 1979: 248, 269).

However, Brian Johnson, a forestry consultant to the Worldwide Fund for Nature and the European Commission, observes

The era of international bargaining over ecological rent, however organised and paid, has already begun. A start on bargaining with the government of the Amazon and the Congo Basin (together they contain almost half of all remaining rainforest) cannot be long delayed . . . If the forests perform such vital functions for us all, are not their owners — the people of their 'host' countries — entitled to some form of 'rent' for the benefit we get from them? (Johnson 1989).

He cites a calculation putting 'the capital value of the giant cooling plant we call Amazonia at about £450 trillion' (sterling). An annual yield on that value of 0.2 per cent would account for Brazil's debt service. A carbon tax, adding less than 1 per cent to electricity bills in the European Community to provide \$56 billion annually, is suggested as a possible source of revenue. But the effect on the already

rich in Brazil, who would undoubtedly benefit the most through land value appreciation and repayment of internal debt, is not considered. It is in such a context that the more complete approach of Henry George shows its strength. If land rent as a whole were the source of the funds, then the distributional issue would also be confronted.

The traditional Georgist proposal of returning to all the people the rental value of already occupied land forms the other blade of the scissors which must be forged to cut through the problem. As Cairncross notes (1989: 22), World Bank studies have documented part of the cause:

Brazil's tax system (like that of many other countries, developed and developing) virtually exempts agriculture and turns it into a tax shelter. That adds to the demand for land and drives up its price, making it harder for the poor (who pay no income tax, so get no tax breaks) to buy. That in turn has helped to drive the landless north towards the Amazon.

One need only observe that the *latifundia* of South America would exist and the landless peasants be herded around even without tax breaks for agriculture making it *harder* for the poor, to show that the fundamental need is for land reform. But can the Greens be expected to lead the way on such an all-embracing issue?

The West German Greens are considering advocating a world climate fund, but its funding is seen in welfarist terms rather than as an opportunity for market reform. Draft foreign economic policy guidelines discussed at a *Die Grünen* conference in March 1990 proposed that the fund should receive one per cent of the GNP of each industrialized country. This is justified 'on the basis of the benefit the industrial countries have derived thus far from the exploitation of natural resources and from the free transfer of pollutant materials to the Third World countries,' according to a working paper. The concept of rich countries paying back 'historical debts' clearly is not a market reform concept; for bygones are bygones in the market place. 'Fairer prices reflecting social and ecological costs for raw materials, semi-finished and finished goods' are therefore seen as a separate reform of the world economic order.

In the Georgist framework, however, common development funds and fairer market prices are integrally related. The inclusion of full resource costs in the prices of Third World exports, and equal

distribution of the proceeds, would have eliminated much of the exploitation that has occurred in international trade, as Jerome Heavey demonstrates in Chapter 6. An ideal framework for international financial payments would be organised by the United Nations and would level the global playing field for economic competition. In the absence of the necessary international cooperation, however, unilateral rent-claiming action by countries monopolising resources of global value might be the next best alternative.

VI

Another area where land rent is not being realized, both in the public and private sectors, and the environment is being damaged as a consequence, is in the inner cities. Vacant urban wasteland not only blights neighborhoods but pushes settlement further out into the countryside. But this is an area where the Georgist analysis is beginning to be heard amongst conservationists. In Britain, the Civic Trust, a major charity dedicated to protecting and improving the urban environment, recognises that land speculation is the most important cause of the problem and recommends that 'an urgent study of taxation on vacant land be commissioned by the government ...' (Civic Trust 1988: 37).

Two research organisations that promote the market economy — The Adam Smith Institute and the Institute of Economic Affairs — have found their contributors advocating the same solution to the problem, and doing so more positively (Loveless 1987: 29; Chisholm and Kivell 1987: 63). However, the IEA contributors limit their recommendation to vacant land alone: '... it does not follow that Henry George's ideas must be applied to the taxation of all land,' they write. They are also concerned, as is the Civic Trust, that the tax rate should be 'not so high as to encourage ill-conceived schemes.' In contrast, the Adam Smith Institute's contributor expresses no such reservations; he sees the tax as applying to all land.

The Green movement and Henry George's philosophy grow from the same ground: the finiteness of the Earth and the need to share her fairly. But George did not quarrel with mainstream economics' search for efficiency. His position forms the natural meeting place between orthodox economics and the 'other economics'. As the need

actually to implement environmental policies becomes more pressing, many from both sides may yet find themselves attracted to it.

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