



The Georgist Fight to Prevent Russia Being Sold Off to the Highest Cash Bidder

By Dr. Mason Gaffney

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THE GEORGIST FIGHT TO PREVENT RUSSIA BEING SOLD OFF TO THE HIGHEST CASH BIDDER

A Further Update by Prof. Mason Gaffney

You may have read in the May issue of *Progress* of the Conference between the Duma and Georgists from the "West". Here is a report from that conference and the notes used by Prof. Gaffney. Thanks to those of you who supported the fight.

"Fred Harrison did an amazing job of getting us an important audience in a 2,000 or so seat auditorium. Our major sponsor was and remains Vladimir Petrovich Zvolinsky, Chair of the Resources Committee. Fred disciplined and organized us all so we spoke only 15 minutes or so each. A number of local "political necessities" got thrown into the pot, too, but they all seemed to agree with us on most points, so it was all well stacked our way.

We led off with Ramsay Clark, former Attorney General of the USA - not a bad catch for Georgism, thanks to Mike Hudson. Ramsay is a real spellbinder, even in translation, and got a big hand. He spoke on concentration of landownership, and various consortia waiting in the wings to pounce on Russian land as soon as they get any chance. He left it to us to define rent and explain how to collect it publicly, but he had opened a door of receptivity which never shut (although there was considerable puzzlement about the meaning of novel concepts like compound interest, or even simple interest).

Next day, Zvolinsky chaired a debriefing session where he explained we had achieved our (his) short-run objective of stalling off Yeltsin's premature (and unconstitutional) privatization by Presidential Decree, so the matter will come back to be hammered out in the Duma by people we just had lectured to for a full day. The timing is excellent.

It is a miracle how Fred worked this out, in a strange, hostile nation where he doesn't even speak the language. There is a good chemistry between him and Zvolinsky. Tanya Roskoshnaya translates between them and, in Fred's absences, deals on her own. She and Fred together are a great power.

What's needed now is follow-up. Fred has run out of money. Anyone who is ready, willing and able to help, your contributions to Fred and/or Tanya will be very well used. Tanya, by the way, is no longer with Ecograd, but on her own, so don't make the mistake of sending anything to Ecograd. She works for some incredibly low figure like \$200/month, and is beyond a doubt the best bargain in any hemisphere. She'll soon be set up formally to receive help. Meantime, Fred is the funnel.

We all have our other stories about the rough edges of life in Russia, but you've heard all that stuff. The important thing is that here is a place where the most fundamental institutions of property are in process of creation, when they may be molded for better or worse. Let's make it for better."

LAND RENT IN A TAX-FREE SOCIETY

Outline of remarks for use at the Moscow Congress 21/5/96

by Mason Gaffney

Professor of Economics, California, USA.



What is rent?

1. Rents are a taxable surplus. I estimate that this taxable surplus constitutes 35% or more of the national income in most nations with market economies, and more in resource-rich nations.

Marx and market economists define it much the same. Marx spells it out in *Das Kapital* (Vol. III, Part VI, Chap. 46-47). In simple feudal conditions, the whole of surplus value is rent. Under capitalism, an industrial landowner gets a "surplus profit" above the cost of capital; location exerts the "overwhelming influence"; the landowner is "passive... contributes nothing, risks nothing, unlike the industrial capitalist." Rent for housing land is "tribute for the permission of inhabiting the earth." "...space is required as an element of all production and all human activity." In urban industry, to increase production "demands an extension of the land area."

Marx continues, one can distinguish house value from land value. House and land are often even "owned by different persons." Growth of capital "necessarily raises rent" (while it lowers rates of profit on capital). "Land, not the house, forms the actual object of speculation in growing cities." Machinery and other capital wear out, "but the soil, if properly treated, improves all the time." Marx calls for a "Trinitarian Formula: Capital; Land; Labour."

In mining, rent comes from the low-cost mines, because they sell their product at the same price as the high-cost mines. In all fields, high product prices are "converted into rent and in this way fall into the hands of the landlord," concludes Marx.

CAPITAL INCOME

2. The value of rent is huge. Every economy produces a large excess over wages. To be sure, not all of it is surplus. Some of it goes to replace capital that wears out each year. This is not