

Moscow - 3

Chernomyrdin - 'Russia's own home' Party

(Say what you want) 5 groups reported at Tues. Mtg. - ↓

(F; Moscow 3)

1. Commie - a Woman

2. Agrarian Party

3. Market position ("liberal")

Rep. Minister of Ec. - Staryks

4. Traditional farmers

5. Professionals

3 blocs

1. How org. land reform

How record quant. & quality of res.

How divide res. among people of Russ.

2. Extractive res.

Forests, - how value - add to nat. wealth

Mineral - how value

How use as collateral for domestic currency
(Tidenman opposes)

3. Use nat. wealth as basis for nat. revenue (taxes)

Fed. budget is only 10% of nat. ec.

(Nic think, 50%)

Wants new fuel. system, purely Russian, not based on \$
but based on Russ. res - worth \$300 tr. (!) (gross)

Has liquid res = \$50 T (!)

Make West pay for our res. w. our money - thus back the rouble.

No one knows why rouble dropped.

80% of energy used in W-a Eur. comes from Russia - they shd.

pay more.

Threat of civil war. (Blustein)

Vectors for the future.

3 mos. Wants new conf. on nat. res., & fuel. problems.

The Economics of the Third Way Book Proposal

A COLLECTION of studies designed to explain to reformist governments that it is possible to plug the hole in what is commonly agreed to be a shortcoming in the notion of a Third Way philosophy.

Publication Date Autumn 1999
Publisher Any proposals?
Editor Any proposals?
Cost Losses of Nations - 1,300 Paperback, 100 Hardback, Full Colour
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1. Answer the repeatedly observed objection that the Third Way strategy of European and North American governments lacks a distinctive economic policy.
2. Set the terms for discussion around the British government's proposal for an enquiry into land value taxation for Scotland. Britain is the only Western country to decide to investigate the replacement of the property tax with the land value tax as a nationally administered fiscal reform.
3. Evaluate the geo-political prospects for one country "going it alone" in the light of current attempts by the OECD and EU to "harmonise" taxes.

Contents: provisional

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2. (Gene Ventura) Primakov is old & sick

'When Chernom. lost his power, he started to rethink, & how to improve things. So Vy. Zv. joined Russia Our Home. This bunch is lame duck, will do nothing.

→ Russia's Our Home is rightwing. Vy. Zv. chooses to coop with them rather than Communies.

1. Order of 1937 - to restore Russia, but not Stalin. Rather, a military dictatorship.

2. Join Russia to U.S. for sell out. Luzhkov

3. Join with Europe. - Vy. Zv. likes this

4. Reconstruct Socialism

5. Divide Russia into parts - most dangerous group

~~My thought:~~

~~Collect Taxes, solve many big problems~~

~~1. Support Rouble~~

~~2. Pay debts, borrow at low rates~~

~~3. Basis for currency~~

~~Problems are by products of not collecting taxes.~~

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F. Moscow 3 - 4/99

✓ Lvov will say rent is 73% of n.i.
✓ Lvov Will come at 11:30 or so.

Themes:

- ✓ 1. How to unite Russia - common property
- ✓ 2. How to share it.

Federal system

✓ 3. Valuation of nat. res.

✓ 4. Collateral → ~~to~~ Need for mortgages.

✓ 5. Independence, nat. pride. (OECD) *Raise taxes*

✓ 6. Practical steps (Galina)

7. Restructuring the ec. (Nic)

✓ 1. B.C. forward devel. of Canada. \$ has it raised value of exports
(in Canada) (So devel. raises oil rents in Russ.)

✓ 2. Importers were hurt

✓ 3. Import-competitors gained. (New opps. for indy.)

(1) & (3) make strong support for devel.

✓ 4. Big loans are Canadians w. debts in U.S. \$ - (and also their creditors who might not get paid.)

✓ So, big problem remaining is. How raise taxes!

SCANNED AS FOUND

Wed. Mtg. w. Orlov, Minister of Nat. Res.

F: Moscow 3

Excise tax is on gross, is penalizer in cost, remote deposits
Subsidize far north.
Oil price went down

Are restrictions there, to take cut at source, instead of at
end of pipe

a. Important to deduct costs

b. " " avoid padding costs
e.g. cost of buying more
allocated overhead

Major element in xptn

c. Important to pad costs publicly, by taxing them.

d. Put proper values on time & space
(Location is almost everything) (Wilmington Basin)

Canada, - in Arctic

Prudhoe Bay - no use gas, reinject

Nuclear energy as an e.g. of underest. costs - of env. of K.

30.

Ukraine steals oil from pipe
Gold region (Mag---)

(Need auditing, cost control.)

Huge power sta. in Siberia
Overpricing delivery to farmers.
(Distribution is part of cost)

Ukraine, small free trade zone

~~Have~~ to prepare project

More use mkt in mineral-prone land.

Auctions

Mergers

Sales

Mineral prone land

Royalty-producing land

$$\left(\frac{1 - \frac{I}{R}}{1 - \frac{I}{R}} \right) = \frac{1 - \frac{I}{R}}{1 - \frac{I}{R}} = 1 - \frac{I}{R} = \frac{s}{\theta}$$

$$s - \frac{I}{R} =$$

$$\theta = \left[-K + R(1 - \frac{I}{R}) \right] \frac{1 - \frac{I}{R}}{1 - \frac{I}{R}} = \left[-K + R(1 - \frac{I}{R}) \right] \frac{1 - \frac{I}{R}}{1 - \frac{I}{R}} = \theta$$

$$s = \left[-K + R(1 - \frac{I}{R}) \right] \frac{1 - \frac{I}{R}}{1 - \frac{I}{R}} = s$$

$$\frac{s}{\theta} = 1 - \frac{I}{R} = \left[\frac{-K + R}{R} \right] \frac{1 - \frac{I}{R}}{1 - \frac{I}{R}} = \frac{s}{\theta}$$

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Other speakers at Duma, Tues.

F: Moscow 3

Speakers

Zvolinsky, Lunch, 2-3

Summaries will be published. Smile on podium

Lvov

Nato Accts. needed

IMF distorted.

Russ has excess labor

Russ has used labor thy of value.

Rent is redistrib. now so dev. nations have more.

Root cause of crisis is poor land relations. Now, mixed ownership dominates.

3 factors of prodn.

80% of inc. is land rent.

So tax it. But 70% of taxes is on labor - ∴ not raising revenue. GNP data also omits rent.

\$90B K export.

Give land to farmers, then need fewer farmers. Where shall displaced people go?

1. Nature is nat. property

2. Public ownership - inc. is nat. dividend, like

Alaska, Norway

3. Urban rents shd. be shared nationwide

Portnikov, Duma

'91, rural land code. Diff. forms of ownership. Can't sell for 10 yrs. But Presid's Decree changed that

Yuri Bogdanov

Received vulgar ideas from W. of iron curtain

In U.S., priv. utilities are reg.

But acts, but admin. repeats by not implementing

Produce - Mannis agreements

Fred

Revt was privatized, when the land wasn't

Agrarian

Agric. problem is mainly lack of equipment.

But shd give equipment, not food.

Minister - ?

Complicated, political, insoluble

Too giant farms. Pulls figures out of the air. Is vs. privatization.

Minister of Economy

Lvor was unexpected. My approach differs.

Land was evenly divided. (Mini-farms?)

Free turnover of land is good - agrees w. Lvor.

Tungus

7/25/81/94

(812)

← Call files

Saratov man

1st to allow priv. ownership of land

3,000 rubles / ha

Quotes Gwentney

Ag. land unbr. not developing bcs. of hi cost of xfg. land - costs more than land is worth.

Ditto for mortgages.

Tatarstan - Mos, desert, tundra, black soil, grey soil
Land belongs to state

Continued climate.

Gaidar never reached there

Arrested by — clerk
Gaidar

Goffman proposed unified approach to valuation.

Kozgan, Buldy, Humas, Prod's

Chirskov - Black soil area.

7% of Russia, 2/3 of output

More important than oil or gold.

Topics, Moscow

~~Gov 23, Fl 10~~
~~Anal. many, cont~~

F: Moscow 3

1

1. Some nations + local jurisdictions get major revs from nat. res.

~~Botswana - dia~~

~~Norway~~ - ± 1 in value = GDP

~~Kuwait~~

~~Ak~~

alt oil

~~Sask.~~ ~~Pakistan~~ ~~Uganda~~

~~Russia?~~ ~~Low est for oil + gas~~

Gravel, slate, stone - bldg. mtrls.

2. Federalism.

Mkt. ec. consistent w. regional markets.

Exact terms of intergov. sharing vary widely, are worked out by domestic policies.

3. ~~Is done thru tax.~~ - the form of common ownership

~~used in mkt. ec.~~ Allows prices to rise to hi mkt. levels, but still assert common rights. Quency - an old story, yet ever new, bcs. "interceptors" are always striving to discern the taxable surplus.

4. To use tax., must identify "taxable surplus", use it as ~~Base.~~ Same as net product = ~~rent~~.

Is excess of revs. ~~over~~ ^{mobile} factor costs

5. Tax consists of Base, Rate, Rent

also jurisdiction, collection,

After defining base, next important step is define taxable rent. Rent is a non-abstract.

2. Federalism Canadian system

6. Kinds of res.

~~Water~~

Hydro

Ground

~~Coal~~

~~Oil & gas~~

~~Wastewater~~

~~Forests~~

~~Radio spectrum~~

~~Farm land~~

Amunition

Tin, cu, gold, bauxite,

(2)

7. Purvise subsidiz. - avoid them (diss. rent) Forest roads; wtr. debit; internalizing rents

8. Prices.

Lacking them, you can create them
use world prices - an old story w. gold, oil, gas
sell - but not w/o strings!

8.10.

Some things

- a. Royalty bidding
- b. ~~But~~ share of (net) revs.
 - i. of gross revs.
 - ii. of net revs.

(L, A)

$$\text{Net product} = GR - \text{Expenses} - K(i + d)$$

Problem resolves itself into defining & using ea. term.

(L, C)

Word padding costs.

Word $d \rightarrow 100\%$. Write off K over ^{its} life. ~~On~~.
 Like, write off $\frac{K}{n}$, cause ^{rate} d

(L, B)

4.5.

Taxable depletion is $\equiv$ what you can tax w/o lowering
 production, or deferring it from most ec. course.

- a. Don't repeat base - no basis drain.
- b. ~~Don't manipulate~~ idleness or under use of base

To do so, must choose both base & event. They go together - must
 choose a base you can tax up there being an event

9.

Use best res. first

10.

Pool many res. to calc. deple.?

What you lose by ~~evening~~ is not the 0-valued future use, but
 the opp. to use in future at lower cost.

Thus, at ~~the~~ MR , as you $\rightarrow MC = MR$, add to MC the
 PV of future NP

11. Breaker on ~~prod.~~ ^{service} is Δ cost - due to productivity, faster.

$$\frac{NP}{GP} = \frac{GP - \text{Costs}}{GP} = 1 - \frac{\text{Costs}}{GP}$$

$$NR\text{-Tax} = GP(1-t) - \text{Costs}$$

(2, B)

12. Test for tax bias: Tax & Net Product

So ranking of land uses remains same.

E.g., tax on GR wipes out useful mines

Also, useful work on all ~~mines~~ - low-grading.

So to be unbiased, base must be NP

Res. NP/GP varies widely, from 0% nearly to 100%.

See #30, p. 7

13. A ^{main} problem is to avoid the wiles of those who are skilled at giving you reasons why they need a bigger share.

14. Huge problem is sleeping leases
E.g. Conoco, 100m. acres, area of Calif.
a problem of sharecropping

(2, D)

15. No write off lease acqu.

16. 8/98, devel. & default went together. (debts being in \$, I assume).

(2) — Can raise rates, no dividend &.

5

17. Early Jan., Russia taxes exports of metal scrap (non-ferrous), timber products. Also coal, gas, oil: 5%.

A. ~~to~~ To curtail gains from deval.

B. To direct res. for domestic cons.

Tax is so many ECU per tonne. ECU = Euro

18. Foreigners object to "dumping." ∴ they did welcome export duties.

However, it is dumping mfd. goods they object to. Probably welcome cheap raw mtl, energy, lumber.

Russia's metal producers welcome export duties on scrap, which is their raw mtl.

IMF & Ministry of Trade takes "liberal" view, oppose export duties (yet IMF favors internal duties!).

19. Russia defaults on \$22 b. of Soviet-ru debt (pre '92).
Total pre '92 debt = \$90 b
Post " " = \$50 b

20. '98, Gazprom posts loss of \$1 b.

Customers not paying bills, they say. (They may also be dipping for prof. gain.)

21. Apt. rents fall in \$ after deval — fall quickly, by renegotiation.
2 rm. apt., center Moscow, from \$1400/mo down to \$900/mo.
Moscow used to be costliest city in world — now down to 88th.

22. Primakov govt. passed law on prodn. — sharing agreements, oil & gas. To promote "invst." Numerous praises.

23. World Bank may lend \$ to "restructuring" coal indy.
 This means closing "outdated" mines + firing some workers
 (subsidizing K for labor). Lots of "make-work" money.
 Michael Carter is WB agent who dictates. - a Tsar.

Many coal firms are privately controlled.
 Primakov wants 50% govt. pressure on Boards.

Mines fear & oppose restructuring.

24. Regional Govs. make up Upper House.
 They are mad at Primakov for not paying as promised.
 Leded leading revolt.

23. of 100s of coal cos. in Russia, only 2 have been "fully privatized."
 The state has a controlling interest in some, & controlling
 interest in others.

25. Primakov wants to centralize control.
 Wants to appoint regional govs. (!)
 " " collect taxes centrally, disburse (now, regions
 or oblasts collect, & remit to Moscow!?)

26. Stalin separated stages & components of prodn to preclude
 regional autonomy.

27. Now, some regions are net losers to center, others are ~~losers~~ gainers.
 The gainers might have trouble surviving alone.
 (Pay people, not regions)

⑥ 32. What unit of parcel size determines u ?
The parcel served by given K .

⑥ 31. For water
a. Perpet. flows, same as city land
b. Ground wtr, same as mine.

⑥ 30. Fish. a) If restrict catch to sustainable, is a perp. flow ^{10% of catch}
b) If open access, $NP = 0$

Farm land - 50% of gross on our Chusquea soils.

⑥ 32. For export goods, use world prices. But beware those who siphon off rents
a. Domestic markets in export, storage - often the rent is there
b. Criminals, grafters
c. Int'l. export cartels, tax dodgers, who transfer profits to tax havens.
When this is problem, state what is solution.

② 33. What costs to deduct?
Mainly those on site.
Never deduct cost of acquiring site
Rarely allow overhead allocated from elsewhere.

② 34. Taxable event: Rt. to use, or actual use?
a. Flow res.
Rt. to use, is better ~~than~~ than an "event"
1. Revenue begins immediately
2. Owner fructifies land insured.

3. No disincentive.

4. Tax imputed, non-cash, currency, invisible inc-
~~re~~

~~Realized inc.~~ basis:

1. Sharecropping effect - owner becomes a sharecropper of the govt, adds land until its up = 0 (if he gets it free, which he will if tax is high enough to absorb whole NP)

2. Share risk - some like that

1. Results in Conoco, IO M. aces, etc.

(7) 35. In Canada, rev. = 4 grants bring all provinces up to level of 5 wealthiest ones.

(7) 36. Tugman oblast, ^{Western} Siberia, produces 65% Russ. oil, with 2% of pop. (Thus, oil is a natural basis for national unity - federalize rents)

(5) 37. Current rents are leveraged, hence more changeable than gross sales.
 Values, OTOH, are less variable than ^{current} rents. So are annualized

rents
 (7) 38. Central govt. can absorb risks, i.e. should tax resource rents

- ⑦ 39. \$ Unequal local endowments, locally taxed, mean unequal magnetism.
- ③ 40. IMF et al. blame labor mainly for dis. rent.
- 41. Don't sell at fire-sale prices - reserve rt. to tax.
- ③ 42. Rent is current, i.e. - land sale is not.
- 43. Consumer taxes are back to Nicholas II, Louis XVI, class I

Forest Land

$$S = \left[-k + A_n I^{-n} \right] \frac{1}{1 - I^{-n}}$$