



## SHARING NATURAL RENTS TO SUSTAIN HUMAN SOCIETY

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(the following speech was presented at the annual conference of the US chapter of the Society of Ecological Economists, in Duluth, MN in July, 2001.)

### Rent rules

To get rich, or more likely to stay rich, some of us can develop land, especially sprawling shopping centers, and extract resources, especially oil. While sprawl and oil depletion are not necessary, they are more profitable than a car-free functionally integrated city. Under the current rules of doing business, waste returns more than efficiency. We let a few privatize rent - ground rent and resource rent - although rent is a social surplus. As if rent were not profit enough, winners of rent have also won further state favors - tax breaks, liability limits, subsidies, and a host of others designed to impel growth (20 majors ones follow herein).

If we are to sustain our selves, our civilization, and our eco-system, we must make some hard choices about property. What we decide to do with rent, whether we let it reward our exploiting or our attaining eco-librium, matters. Imagine society waking up to the public nature of rent. Then it would collect and share its surplus that manifests as the market value of sites, resources, the spectrum, and government-granted privileges. Then we could forego taxing labor and capital. On such a level playing field, this freed market would favor efficiency - the compact city - not waste - the mall and automobile.

### Past isms neither one or the other

Proposals to share rent have surfaced before - in antiquity by Moses in the West and Mencius in the East. In the modern era, the idea appears in a century cycle:

\* In the 1600s, philosopher John Locke questioned "the sacredness" of property". Biblical scholar Spinoza proposed public ownership of land. Quaker William Penn and Pilgrim William Bradford urged the shift from taxes to Ground Rent.

\* In the 1700s, the physiocrats, which included Quesnay and Turgot, Thomas Jefferson and Tom Paine, advocated taxing only land. One wise man, Mirabeau the Elder, called the discovery of l'impôt unique (the single tax) as momentous as

the invention of writing.

\* In the 1800s Europe had J. S. Mill and America Henry George, author of Progress and Poverty which outsold every book but the Bible. Candidate for mayor of New York, he was cheated out of his victory by Tammany Hall. George inspired most of the real-world implementations of the land tax that some jurisdictions enjoy today.

\* In the late 1900s and early 2000s, the environmentalists, including organizations like the Sierra Club, push the Property Tax Shift from buildings to locations and the broader tax shift from income to pollution and from production to depletion. Many more green groups fault subsidies. A few even call for a dividend, a la Alaska's oil dividend. Even some Libertarian groups have joined the chorus.

It's as if the issue of sharing Earth were nagging our collective conscience (see our "101 Famous Thinkers on Owning Earth").

### Public policy! Front and center!

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Drawing their cue from the public, governments tolerate "rentention", the private retention of publicly-generated land values. Lacking this Rent, states turn to taxes. But to grow the economy, all governments—left, right, or undecided - hustle to stimulate development; they cut taxes and stop subsidies. Going beyond the call of duty, the state excuses producers' their routine pollution and limit liability, thereby cutting the cost of insurance. Companies that don't impose on nature, worker, or customer are not benefited at all but lose a competitive advantage. On this tilted playing field, one with the lumps of subsidies and the tilts of taxes, technologies lean and clean have a hard time competing as suppliers of materials, homes, food, rides, and energy.

### 1. Materials - Extraction vs. Recycling

Rent: The light levy on the value of resources in the raw, government vitiates that with depletion allowances. Plus, government accepts under-market bids for leases of publicly owned pastures and deposits. Getting to (continued on page 12)