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THINK LIKE A TREE!

Economic theory and ecological sustainability

by Meta Heller

To bring about tax reform anywhere in the world, economic theory and our own conscience compels us to place land-value taxation front and center stage. Governments must collect the community-created rental value of land for the functions of government and to save the Earth.

But what are the functions of government? They have to supply public goods so that the markets for private goods can operate effectively. Each of us then can maximize utility, satisfy our desires, based on the choices offered by market products and prevent Earth's degradation by internalizing the true health and environmental costs of pollution through the tax system.

Public goods are distinctive, in that their use by one person does not exclude use by others. Examples are highways, parks, clean air, police and fire protection. Furthermore, they offer no profit incentives and are expensive to supply. The marginal opportunity cost is zero. No entrepreneur will supply costly public goods at zero price. Entrepreneurs will only get involved if the government grants them a monopoly on a service (electric utilities or prison management, for example) and assures them a profit by regulating prices or by contract.

Governments collect taxes to pay for public goods. Private market entrepreneurs and their private-product

consumers pay the taxes, which are primarily on profits or income or consumption. This system is not ecologically sound nor socially just.

Were the bulk of government revenue to come from land (all of Earth's natural resources) - the most basic "public goods" - we would be mimicking Nature as a recycler. Taxes on profit, income and consumption could be drastically reduced, in time eliminated when all externalities in the production of private goods had been internalized in price. To paraphrase a renowned economist, Herman E. Daly, now with the International Monetary Fund, "the market" does only two things but does them superbly: it (1) disseminates information widely, and (2) allocates resources efficiently. Daly says all the rest depends on government to keep a free market economy running. Governments must (1) keep markets from self-destruction by maintaining competition, (2) continuously build community-shared values through volunteer civic associations, religious organizations, etc., and (3) provide infrastructure through public goods and services.

At the global level, Daly suggests we need international organizations to (1) help set values on untouched natural resources (such as, rainforests, taiga, tundra, fish, wildlife, ocean minerals) so that they will be internalized in price, thereby free markets to deal with them, (2) limit the scale in the use of natural resources so that we don't run out of them, and (3) redistribute wealth. We must redistribute wealth in the name of social and ecological justice because we are part

of a cosmic universe.

Confusion reigns worldwide over the roles of markets and the functions of governments, at all levels. The wrong taxes to sustain governments create resistance to solving our problems.

Native peoples of the world (for example, the Chiapas Indians of Mexico) have the clearest perception of what our struggles are all about - land. They have reverence for their environment - a Gaia, a living, ever-changing entity, a place of finite resources.

"Think like a forest," says William Ashworth, author of *The Economy of Nature*. "To think like a forest is to think in circles rather than in lines; to think of webs rather than of chains; to think ... 'sideways'."

The ecosystem view is called "aroundput", where everything is both a beginning and an end, both a waste and a resource, the side effects spinning off indefinitely in all directions. Living trees are like that.

Ashworth contends that economics fits "quite neatly and comfortably into this conceptual framework" - webs of relationships and interactions. "In economics the primary model is the market, the complex of whims and needs and costs and abilities that is summed up so neatly by intersection supply and demand textbook graphs. Ecosystems also deal with whims and needs and costs and abilities, but there is this difference: where economics concerns itself primarily with the human members of the household, ecology considers all the residents equally." There are thousands and thousands of intersections.

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APOLOGY

Due to circumstances beyond our control, some readers did not receive an Open Forum insert with their last *Land & Liberty*.

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made, not by hiding behind superstition and religious incantations, but by doing good because it was right on the basis of morality. We should be responsible for our conduct without wanting religious promises of reward or fearing punishment. The first essential of the good life is to free your mind of ignorance and superstition.

Religious teaching encourages a desire for easy answers to difficult questions and reliance on a superpower to conduct our affairs on earth. Humanists do not base their beliefs on a fantasy, but follow the course of reason.

Do any of your readers believe with Torrey that a Single-Tax Society will see a revival of religious institutions? The idea that the economic prosperity of such a society might enable the churches 'to provide complete educational systems' is anathema to me. Christianity has no monopoly on morality, and its ethics existed long before Christ. Einstein wrote:

A man's ethical behaviour should be based effectively on sympathy, education and social ties; no religious basis is necessary.

Every bit of progress in humane feeling, every improvement in the criminal law, every anti-war effort, every step in better treatment of coloured races or the abolition of slavery, all moral progress has been opposed by the churches. If these reborn churches of the Single Tax Society use the Holy Bible as a handbook, they will have to be very selective about what they take from that collection of books. I know from my own experience that teachers (often compelled to teach RE against their better judgement) and clerics who have the right to teach in CE schools are all very selective. Otherwise one could easily pass on to children the picture of a merely punitive tribal god.

It is difficult to know what principles of morality might be instilled into pupils by reading the full awful truth

about our biblical heroes.

I trust that if ever a Single Tax Society is achieved, we shall not return to religion - which is the tragedy of mankind; instead we must deal with moral issues from a non-religious viewpoint and help to achieve a more open, just and caring society.

W. H. Simcock
Leek, England

Sir,

I could not agree more with John Hatherley (Winter 1996 Land and Liberty) when he says that the educational system needs to be changed away from its present obsession with academic excellence — although not quite for the same reason as his own.

My understanding is that numerous studies (notably in America) have confirmed the fact that academic ability is the *least important* factor in career success (the ability to get on with other people being often quoted as the most important).

This is not to knock academic ability in any way; it is always useful and sometimes vital, but sitting supinely in a classroom trying to soak up 'infinite' amounts of academic knowledge is positively debilitating to the person concerned and not the way to develop the essential qualities for personal success, such as initiative, enthusiasm, confidence, courage, imagination, understanding...and the ability to get on with other people!

On another topic, I am appalled by Ronald Banks' suggestion on page 7 of the same issue that some taxes should be kept. As far as I am concerned, all taxation that is properly so called is wrongful, and concern for individual personal health and for conservation of energy resources is not an excuse for state immorality in this matter.

Going on yet again, the answer to Sir Kenneth Jupp's question at the end

of his quite dreadful essay on the meaning of land, "Would it be better to adopt the ordinary meaning of the word land?" is clearly "No", since this would exclude from the system such things as fishery and undersea oil and gas rights, a circumstance which would have very harmful consequences.

Finally, with regard to the same gentleman's concept of 'pure land value', mentioned in the book review by Nick Dennys on page 12, I would say that no such value does, or can, exist in economic practice - land has no economic value in the absence of people to value it, i.e. in the absence of community!

Robin Raynham
Weston-Super-Mare, England

TREE

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Aldo Leopold preached the land-ethic approach - the extension of the social conscience from people to land. We are not only our brothers keepers, but the keepers of grass and trees, oceans, stones and microbes. Only proper taxation can bring this about.

The moral obligation to land is real!

Ashworth concludes: "I think we have the root of the problem. What conservation education must build is an ethical underpinning for land economics and universal curiosity to understand land mechanisms. Conservation will then follow."

Let's start thinking like a forest in recyclable circles: an economy that is sustainable, an ecology that is reconciled to Earth's limits, a land-value tax for government. Only this kind of effort can move people and their reluctant legislators to act - for the common good.

REFERENCES:

For the Common Good, Herman E. Daly and John Cobb, Jr. (Beacon Press, 1989)
The Economy of Nature, William Ashworth (Houghton Mifflin, 1995).