

Rent Unmasked: Essays in Honour of Mason Gaffney

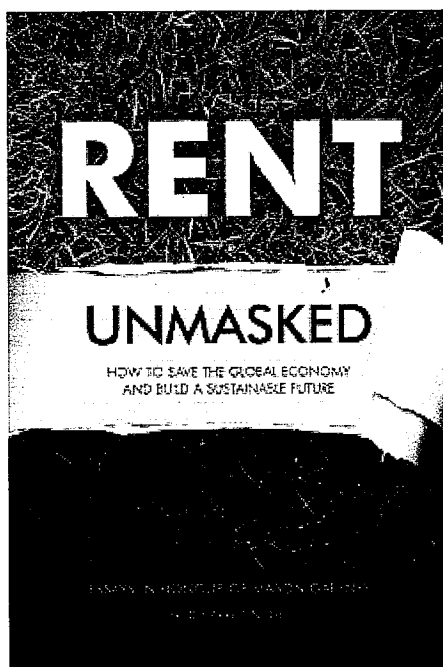
edited by Fred Harrison, reviewed by Bill Batt

Rent Unmasked, the newly-published Mason Gaffney Festschrift volume, includes the thinking of many Georgist experts, showing the breadth that Gaffney's work inspired. Nevertheless, neoclassical economics has trivialised the extent and even the existence of resource rents flowing from the many contributions of nature to our economy. Their economic influence has not been adequately recognised and studied.

When Henry George lived, landed property was the only element of nature that commanded a market price. Today, there are many forms of natural opportunity that society has titled to individuals and corporations. Rents, one needs to know, are the yields that flow from wealth not created by human beings but from nature. Once they are no longer free goods and command a scarcity value, they typically become owned, and then bought and sold as commodities. But the wealth they generate for owners is totally unearned; their rents are a function of private appropriation, by default, or by means of a government granted privilege.

Mason Gaffney has enumerated many elements of nature that enrich our world, beyond what we normally picture as 'land' (the earth's surface). But many of these natural opportunities – perhaps most – do not generate rents, or they might not have a fixed supply in open markets. Sometimes, too, the prospect of using them up doesn't generate a market price, because other resources can be substituted. We make distinctions between 'strong and weak substitutability' – those resources where exhaustion has no apparent harm, and those that do. But in the final analysis, when ecosystem quality becomes degraded, and life on earth is threatened, a price must be paid.

Consider a wild plant that is regarded as a delicacy among some gourmands: truffles. For centuries they were enjoyed by European elites and were gathered in forests. Today one reads that there is truffle farming



Rent Unmasked: Essays in Honour of Mason Gaffney, edited by Fred Harrison
Shepherd-Walwyn, London 2016

in some regions; farmed truffles are even sold on the market. But a rental price for truffles would be difficult to establish. No great loss in this instance.

How about the loss of carrier pigeons? Their value as messengers has been supplanted, but they give pleasure to hobbyists, who presumably are willing to pay to keep them. The loss of wildlife and nature habitats can be traceable directly to our failure to establish a price for their value. – for that is the only measure we have in today's day and age.

Today there are many resources that have market prices, but which at one time did not: fossil fuels, the spectrum, sea and air traffic lanes, the air pollution sink, and so on. But we don't employ them. I predict that better valuation will come from the new and burgeoning field of

Ecological Economics. The measures are often crude; but they will improve, as society comes to more fully grasp the real value of these resources that have been taken for granted. Several leaders in this discipline regard themselves as Georgists, such as Herman Daly, Josh Farley, Brian Czech, and Bob Costanza. I presented a paper at a conference of Ecological Economists in 20000, which is now online in slightly revised form on the Schalkenbach site.

Three essays in *Rent Unmasked* bear on the subject matter of Ecological Economics. Kris Feder's piece cites Herman Daly regarding "ecosystem services". These are various inputs that nature provides – without which our lives would be radically different, if not impossible. We can recognise their utility, even though their value has never been quantified. Students in this field classify and evaluate them in various ways, in most instances showing that their value is far greater than most people imagine. How, for instance, could we value the pollination services of bees? The conclusions are usually that we neglect, abuse or destroy these services at our own peril. Sometimes substitute goods can be found or invented if the original sources become prohibitively expensive or

are lost. But substitutes can't always be found, and earthly existence and quality of life is degraded as a result.

Fred Foldvary's article enumerates what he sees as the major fields emerging in the discipline of economics: the panoply of what today are usually called heterodox schools. But he doesn't include Environmental Economics at all, though this emerging worldwide movement has its own journals, associations, texts and specialised university departments, largely separate from commercial economics.

Peter Smith does not mention Ecological Economics by name, but his arguments parallel it. He addresses the need for recognition, maintenance and protection of "the Commons", another term that the dominance of the neoclassical school has all but erased. The idea of "the commons" was almost lost but for the Nobel

recognition of Elinor Ostrom a few years ago. No current school of thought has made this idea central to its discourse, but it is so close to our focus that we Georgists should be incorporating its premise into our ours. At least one organisation now exists to venerate the idea of the commons (see onthecommons.org). My most recent paper in our own *American Journal of Economics and Sociology*, "Saving the Commons in an Age of Plunder" is an attempt to achieve this.

Georgists should make efforts to incorporate the concept of "the commons" into our paradigm, just as we have the concept of rent. These are dimensions of nature that aren't now typically regarded as part of the market but should be; they are essential to the survival of our world.