DRAFT

PRIVATIZING LAND IN POST-COMMUNIST NATIONS WITHOUT GIVEAWAY

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I. Introduction: an emphasis on synthesis.

The writer does not favor recreating the Soviet economy in our image, even were that possible.

We have problems too, the same old problems that turned off Marx in The Gilded Age, and led to Populism and the Progressive Movement in U.S.A., Fabianism and The Labor Party in U.K. Same problems that terminated The New Era of the Roaring 'Twenties, led to The New Deal. History repeats. Problems from the crass excesses of The Deregulated 'Eighties may well lead to another such reaction in the near future.

Some of our long-standing, unresolved problems are these: rising homelessness, falling affordability of housing; persistent unemployment; rising inequality in distribution of income and wealth, especially wealth; growing obsolescence of American industry faced with foreign competition; low domestic capital formation; capital import, alienation of American wealth; level or falling real wage rates; persistent high crime rates; growing underground economy, tax-avoidance as way of life; anomie and substance abuse; dangerous dependence on imported oil; etc.

We have shown that personal interest is the irreplaceable motive power of production and progress, but also, in our periodic crashes and reactions, it can lead to ugly, inhumane excesses and abuses. The goal here is to combine capitalist drive and efficiency with socialist egalitarianism in an optimal synthesis.

II. Why Socialize Land Rent?

A. Why not just sell off?

Few now question that the land of Russia belongs to the whole people of Russia, through their government (just as the Federal domain of the U.S.A. belongs to all Americans through their Federal government). We do not now address which Russian government owns what lands, a question for Russians.

A simple method of privatizing without abandoning the public claim is selling title to the highest bidder, free and clear of reserved sovereign claims like taxes. Why not just cash in up front and let the market take it from there? Many American economists have pushed this policy at home, especially since 1980. They have not denied the prior public claim to land rent, but sincerely seen this as the best way to assert it and free the market from the meddlesome, irrational hand of government in the future.

There are many reasons to reject this policy.

1. You cannot sell off an entire nation quickly at other than fire-sale prices. A massive sale is a giveaway. Normal turnover in the U.S. land market is well under 4% of parcels, and much less than 4% of value (small parcels turn over faster). Dumping 100% in any short period would immediately soak up all available capital funds, leaving no purchasing power for the rest, let alone to finance development and working capital.

2. In those conditions, most land would be bid in by a very small number of very wealthy buyers looking toward use or resale in the distant future, otherwise known as land speculators.

3. Government would suddenly be swamped with excess cash flow. Politicians being what they are these flows would be regarded as current income, and dissipated accordingly. Consider the use of national land sales in the U.S.A. in the 19th century.

4. Government needs revenues in perpetuity. If it abandons land as a source of revenue it must resort to other sources, typically taxes on sales and consumption

(such as those that helped trigger the deposition of Nicholas II in the first place). Almost all taxes on sources other than land are of the nature that "shoot anything that moves," with the familiar effects of depressing production, misallocating resources, promoting criminal and other underground economies, and lowering capital formation.

5. Private capital being scarce in Russia, most land would be bought by aliens. It is doubtful if any nation can keep its sovereignty, and meaningfully represent its own citizens, when most of its real estate (the regal estate, historically) is foreign-owned. In pre-commercial times no one could own land in most countries without swearing personal fealty to the sovereign, who recognized the link between land and power. Alien ownership was common only in conquered lands; it is a form of conquest.

5. It can be shown the land market works better, on an ongoing basis, if land remains subject to regular taxes or other charges in perpetuity.

6. It can be shown that counterproductive rent-seeking behavior, in the most primal sense, is maximized when land is simply privatized without the state's reserving substantial servitudes, especially tax power. Private rent-seeking would dominate planning, timing and extending infrastructure of all kinds.

7. Local governments, traditionally weak and dependent in Russia, also need revenues in perpetuity. Perhaps as important as promoting capitalism in Russia is promoting decentralization of government power, which entails building up local power with its own independent financial sources.

8. A means is needed gently to pry loose surplus land from government agencies like ministries in charge of production. Forced sale is drastic and, like the death penalty, unlikely to be enforced except in the most extreme and flagrant cases and after extended study. The alternative of ongoing land taxation, (without exempting state agencies), is more likely to work in practise. Taiwan affords a precedent.

These nations are not starting with a clean slate. Land is tenured, it is controlled by existing agencies that are just as possessive and righteous as the U.S. Forest Service and the University of California (50,000 acres all used "for educational purposes"). These agencies have important core functions. The #1 priority in privatization is to induce them to identify and sell their surplus lands, while retaining and making better use of their essential lands (e.g. The University might focus on teaching students).

9. Public acquisition of lands for r.o.w., parks, schools, military bases, reservoirs, watershed protection, etc. becomes much more costly when all land is privatized first.

What about sale of buildings, machinery, and other capital of state enterprises. Here there is much less objection to disposing for a single payment up front. The capital/output ratio in a typical modern economy is about 3, meaning the mean residual economic life of capital is about three years. Financing purchase is much easier than with land, whose future life is infinite and whose rent is likely to rise. Capital purchase is also self-liquidating, because cash flow normally includes enough to cover principal as well as interest.

B. Functional Reasons

1. Taxing land lets us avoid taxing production, exchange, work, saving, investment, etc. Taxing all those other things has demonstrated negative economic effects.

2. Taxing land holds down the purchase price, easing and democratizing entry.

3. Taxing land drains cash from sleeping owners of surplus land, awakening them in the most compelling way to the otherwise overlooked opportunity cost of their

surpluses. A cash drain has wealth and liquidity effects that are demonstrably more potent than mere opportunity cost in driving land to its highest and best uses.

4. Taxing land lubricates the land market which otherwise has a demonstrated propensity to turn to glue.

5. Taxing land inhibits all non-commercial uses of land, but only in those locations where land has high commercial value. It tends to relocate, rather than destroy, non-commercial uses to less central locations.

6. Taxing land discourages the currently powerful motives to hold land merely as a store of value and hedge against inflation. Taxing land discourages landowners from their current practise of borrowing money and then joining and leading the too-powerful pro-inflation lobby.

7. It is arguable that taxes on bases other than land are shifted to - i.e., come out of - land rents anyway. This is the Physiocratic doctrine of tax incidence. In an open economy its logic is irrefutable; in a closed economy it is only partially true. In either case, a prime argument for taxing rent directly is that it is simply a more efficient means of socializing rent.

This argument also gives us a new notion of the adequacy of land rent as a tax base. Under this doctrine, rent and taxable surplus are coterminous.

C. Ethical Reasons

Once land is privatized, unearned income begins flowing, and losses occurring. Expectations change daily in a dynamic world, so unforeseen windfalls and wipeouts based on exogenous forces soon take over from original expectations on which initial sales prices were based. That is the nature of land.

Incomes have been divided into "Earnings, Findings and Stealings." Historically, much land rent has been a "stealing." On the other hand, in the present proposal, if buyers pay government up front for land, later rents are a sort of earning ("sort of" because there remains a question of where the buyers got their money initially). There remain, however, windfall rents which are "findings." Findings are just as non-functional socially as stealings based on force and fraud.

A major source of such "findings" is developing infrastructure, which brings benefits to specific lands (and may remove them from others). Shifting from communism to capitalism will entail a massive change in infrastructure - e.g. the provision of roads and utilities for the small private farms that will supplant the present handful of collective farms. The capital to finance this infrastructure presently lies sleeping in the lands to be served, whose rise in value will more than pay for the capital provided it is tapped to do so. If it is not, someone else will pay to give a windfall to the landowners, a most unethical procedure.

In some areas lands are occupied by squatters. When lands are privatized and tenured, their removal poses a hard ethical problem. Shall they be given a prior claim to own the land they have preempted? With a land tax, the problem is de minimus. They can be given titles, but then required to pay annual tax to keep them. They are much better able to pay periodically than up front; and the few non-payors can be evicted selectively, leaving most undisturbed.

D. Political Reasons

It makes sense for a central government to tax the rent from rich regions, and distribute it. This is what can bind a nation together and overcome (if anything can) ancient ethnic loyalties and particularism.

The method of distribution should be per capita (or some surrogate like a.d.a. at school, or history of military service). Nothing that is purely economic seems better calculated to bind citizen to nation. It has the great added value of avoiding the geographic maldistribution of population that results when rents are collected just locally, and redistributed solely in the form of local public services.

The alternative method of distribution, "regional equity," is a proven recipe for dissipating rent and bankrupting rich polities. Regional equity is also a cloak for imperialism, a way of holding on to distant and marginal provinces. Better all around to let them go and settle for a smaller swatch of your color on the world map.

Distribution to local governments is also a formula for overcentralization, aborting development of local self-government and decentralized power. The U.S. model of the 18th-19th centuries is worth emulating here. Sovereignty in the Federal system was shared between central and state governments (territories, earlier). States then set up counties, generally on the principle of nulle terre sans seigneur, i.e. without leaving much unorganized, hence untaxed lands. The states' power of taxation was delegated to counties and, as they incorporated, cities.

A key factor is that little or no aid (other than military) was extended from central to local governments as such. They had the power to tax property, and they did. They had little power to tax anything else.

In this way, decentralized political power grew, saving the U.S.A. from the evils of overcentralization that have stifled democracy in so many other countries.

Colin Clark has sketched out a system of combining the above decentralized system with a centralized sharing of rents. Let local jurisdictions be ranked by land value per capita; let central government impose a land tax that is graduated according to that ranking, falling to zero for those with the least land value per capita.

III. How to Collect Land Rent?

A. Up-front or Over Time?

This is covered in II,A, above.

B. Leasing vs. Taxation

Leasing and taxation are alternative methods of asserting the public equity in land on an ongoing basis. Most taxes are closely analogous to certain standard lease provisions, and vice versa.

Taxation has one quality that makes it vastly preferable to leasing. That is the annual revaluation of land for tax purposes, based on current information derived from comparable properties.

Leasing on the other hand binds the lessor to fixed terms negotiated in advance. This is inherently biased for lessees, who can always walk away from an unfavorable lease. A lease is basically an option to use land provided its economic rent turns out to exceed the contract rent. In addition, private lessees, being private, are more highly motivated than median public employees, and likely to outnegotiate them. Bribing and corruption are not unknown.

The history of public leasing is generally one of failure to collect the full land rent.

Annual revaluation of land for tax purposes might seem to impose extra uncertainty on lessors, compared to fixed terms of a lease. However it is only the amount of tax that is uncertain, not the principle of it. Furthermore, the principle is such that the tax only rises when exogenous factors raise the earning potential of the land.

"Uncertainty" is not always and inherently bad. Life is uncertain, economic tides are uncertain, and optimal land use calls for constant adjustment to uncertainty. This means the most fixed, durable improvement should rarely be encouraged, it is likely to obsolesce well before it wears out, like the C&O Canal. In dynamic times and places, it is desirable for builders to anticipate fairly early demolition and renewal, and build accordingly.

C. Fixed payment or participation?

The traditional Georgist position is that the land tax is ideal because it is a fixed cash payment, like debt service, unaffected by landowner behavior. Thus it exerts maximum incentive leverage, with no disincentive effect.

That is a powerful argument, and probably right on balance. However there is a case for participation which I present here for the sake of comparison and argument.

1. Many private lessees evidently prefer participation, as evidence by share-cropping, royalties, joint ventures, and such arrangements negotiated in private markets.

2. The disincentive effect of share-cropping may be offset in part by limiting the land allowed to any one cropper, as rationalized in the works of Stephen Cheung.

3. A lessor may avoid penalizing capital improvements by letting the lessee deduct them from his rental payments in full at the time of negative cash flow. If they exceed the rental due, he may let them be recouped over time with a stated interest credit. (Here we meet the Averch-Johnson problem, a weakness in this case.) Likewise a

taxing agency may let capital improvements be expensed, which is tantamount to exempting their income from taxation.

4. In "pioneer" conditions there may not be enough information to appraise land accurately ex ante, so rent-collection needs to be based on ex post outcomes. "Pioneer" conditions include minerals' exploration in frontier areas, where a great deal of rent will be generated in the near future in Russia. Pioneer conditions also include all private land development in economies where commodity, credit and land markets are underdeveloped.

Conditions of extreme uncertainty are something like pioneer conditions, too. Russia contains vast farm areas of uncertain climate, something like our Great Plains States west of the 100th Meridian (the proposed "Buffalo Commons").

5. Participation, in spite of its frictions and moral hazards, creates more community of interest among the parties, who thrive and suffer together. Resentment against creditors has a long history. Tax collectors who take fixed charges are subject to something of the same animus. The analogy is imperfect because "fixed" land taxes can and should be lowered promptly when exogenous conditions worsen, just as they should be raised when the same improve.

6. Participation helps generate information for tax assessments, as lessees must share information with lessors.

7. When land and/or minerals are ripening over an extended period of ownership, a property tax during the ripening period cam collect a proper share of the increment, but only provided the market is so perfect that the value rises along a curve of compound interest, and also provided the assessment follows that perfect market perfectly.

In practise, both perfections are unlikely. Market values tend to remain flat over most of the ripening period, then skyrocket suddenly just before the resource is put to use. Assessments too often lag even behind the market.

D. A supplemental tax on land gains?

If land rents are 100% socialized, and if the market expects this to continue, there would be no land gains. In practise this is unlikely; some would consider it undesirable: the easiest and generally most accurate way to appraise rent is by monitoring sales of title.

A gains tax is an excellent way of "mopping up" excess rent that the basic rent tax fails to capture. It can be very productive of revenue: in Taiwan the land gains tax captures four times as much as the basic land tax. This is partly because the gains tax is not subject to erosion by lag of assessments behind the market.

I recommend announcing from the start that landowners should expect a high tax rate (80% or more) to be imposed on land gains. It is declared contrary to public policy for land to attain a value based on expected future resale. Possessory interest with emphasis on current use is the desired emphasis.

Resale gains are not to be illegal, but should be continually monitored to audit the system of rent collection. Resale gains are evidence either that basic rent taxes are too low, or there is wide belief they will fall, or fail to rise with rising rents. View this with alarm and aggressively correct it. Experience shows buyers quickly presume they have a vested interest to collect rent based on paying for land titles.

A gains tax can be very high without a serious locked-in effect, when coupled with a high ongoing rent tax. The latter gives strong incentive to dispose of surplus lands. Indeed, the "ripening cost" theorists claim it gives too much incentive. If there is any merit to their rationale, we should favor a greater locked-in effect.

The greatest cause of a locked-in effect with the U.S. capital gains tax is not the tax itself, but the ability to avoid the tax via the step-up of basis at time of death. There should of course be no such provision. Legacies, devises, gifts and other transfers without arm's length consideration should trigger valuation and tax. To avoid discriminating in favor of deathless corporations their lands will need to be periodically appraised and taxed on the gain; alternatively, their shares might be subject to the gains tax.

Land gain shall be defined as the excess of sale price over depreciated cost basis. An administrative problem to solve is the manner of recording depreciable investments and their depreciation, in the (presumed) absence of a general income tax.

A supplemental tax on transfers, based on gross value of lands transferred (not just gain, and not just equity), is desirable as a tool of disclosure, to provide a data base for land assessment.

E. Non-standard resources

1. Exhaustible minerals, ground water, etc. A combination of charges or taxes is recommended, with these components.

a. A flat property taxed based on appraised value of resources in situ.

b. A unit-of-production tax with deduction of all operating costs, and some capital costs.

Minerals' taxation is a most important precedent, because the most aggressive foreign investors introducing market agents into Russia currently are oil companies.

2. Timber, rights of way, radio spectrum, aircraft slots, fisheries, game, zoning, development rights, the gene pool, scenic easements, navigation, surface waters, soils, franchises to use city streets, geothermal wells, etc., all involve their own technological idiosyncracies calling for special adaptation of basic principles.

IV. Modifying the credit system

A. Credit follows collateral. With land prices low, owners could not raise much by pledging land for loans.

On the good side, this would end the credit discrimination now prevailing. Today, the basis of credit is not marginal productivity but collateral security. The principles are at odds, and marginal productivity is obviously better from the viewpoing of simple micro efficiency of allocating capital.

Marginal productivity is also better in terms of macro stability. Flows of credit dominated by cycles in the land market are highly unstable. The current S&L calamity should clarify this. It has many precedents, going back at least to the Dutch Tulip Bubble of 1634 and the French-English colonial bubble of 1720. The rule has been that following each collapse the hung-over penitent bankers adopted something like the English Banking School philosophy of avoiding real estate loans and sticking with self-liquidating commercial loans, only to fall off the wagon in the next land boom, repeating the cycle.

In the absence of a land boom, however, they would stay on the wagon. The relevance here is that there have been recurrent periods when the credit system worked very well without major dependence on real estate collateral.

On the bad side, low land prices raise new problems of how to transfer funds to builders and investors. If the system is to thrive, the credit system must adjust massively.

This is not altogether unprecedented or undesirable, as indicated above. There are many particular lenders, even today, who demonstrate the arts of lending without land collateral. Factoring on inventories is a thriving business. Building on leased land is commonplace, with both private and public lessors. Chattel mortgages are common. Even construction loans are secured mainly by capital, not land, because new buildings normally outvalue their land, especially on cheap land. The Reichman Brothers are known for borrowing on the security of signed leases.

To the extent that land taxes displace taxes on capital and wages and transactions, all those become more creditworthy.

B. The problem of public credit

A nation with a sound tax system becomes the most credit-worthy borrower - the collateral is transferred from private to public hands. The matter is even worse with a central bank to underwrite the nation's credit.

In the worst scenario a corrupt, spendthrift administration borrows heavily, paying excessive rates, mortgaging public revenues, and wastes the proceeds. Subsequently, government becomes an oppressive tool of creditors to extract rents from citizens - the 3d World Model. Clearly it is not enough merely to have a good tax system.

To forfend this unintended, perverse outcome some precautions are needed. We cannot say history has not given us ample warning of the threat.

1. No debt shall be incurred without public vote, unless such debt is explicitly not secured by revenues from land taxes.

2. The debt limit shall be 30% of the value of land revenues, capitalized at the prime rate.

3. "Emergency" debt in excess of the limit shall be subject to a property tax whose upper limit is the rate applied to land.

The central idea is that government must be and remain an agency to channel rents into providing public goods and services, and social dividends, and capital formation. Any government that becomes destructive of those ends has been subverted and requires radical revision.

V. Starting up the Market

Russian land is mostly already tenured, held by various government agencies. It is not entirely a matter of surveying and settling wild lands, as in the 19th century U.S.A., (although shifting from communism to a market economy will entail massive changes in land use, and therefore in platting and subdividing land).

The first priority in making a market is pressing those agencies to disgorge their surpluses. The most effective, administrable, non-catastrophic kind of pressure is an annual tax based on value.

Determining value in the absence of a pre-existing market will involve some groping at first. Using the method of taxation lets all groping be limited to one year at a time, or less if desired. Assessed values can and should be adjusted frequently at all times, but especially under pioneer conditions.

An excellent method of determining value is this. Require each state agency to designate a minimum 5% of its land for sale, and set an asking price. The asking price shall be the assessed value until the land sells. The asking price shall also be the basis for valuing its other lands (subject to variation in quality).

Gathering data on value, and assessing land, are mutually supportive activities. That is, applying the tax motivates sellers and causes sales; sales provide data to improve the tax. The unworkability of resource markets with unmotivated sellers is exemplified in much of Latin America, but also in California water resources, which are generally exempt from all property tax liability. Sales hardly ever occur, in spite of the removal of institutional barriers to transfer, and in spite of extreme differences in marginal productivity accrued over a century of non-transferability.

As indicated in III,C, in some conditions there is a case for preferring participation to fixed cash tax liabilities when a market is getting started. That case must be modified by considering the need to encourage frequent land sales to provide information. In my observation, the selling price of land is generally surprisingly high to anyone who bases his estimates on capitalizing what he has been led to believe is the net rent. That is, the information from sales of title betrays the existence of concealed kinds of net income, either cash or imputed.

The nuts and bolts of transferring land to private tenure involves several steps:

a. Platting and surveying. Units should be small, to accommodate individual bidders. Small units may be consolidated by buyers if they wish; they simply give small bidders an equal chance at the start, cutting out the speculative middleman and providing flexibility.

b. Subdividing. This is a key event that takes capital, allocates land to r.o.w., and permanently stamps settlement patterns. Interactive decision-making is required between (mostly) private on-site and (mostly) public "inter-site" sectors. "Interactive" implies mutual learning and accommodation in a swiftly changing scene. Land taxation gives the public sector a new, powerful tool to assure optimal private response to public initiatives, e.g. developing private sites accessed by a new transit line or water system. It does not guarantee only wise public initiatives will prevail, but it gives public planners a guide for planning routes: place improvements where they will generate the most rents from the served lands. Place nothing where it will not thus pay for itself.

c. Parcels should be sized to maximize unit value after deducting costs of allocating land to r.o.w. and improving it, and operating/maintaining it over time. Such land planning is now a highly developed art, available to be imported.

The prevailing ideas about optimal size, and economies of scale, need drastic revision in light of the interaction between social infrastructure and individual sites. Functions of large optimal scale, like supplying water and utilities, should be separated from basic on-site land uses. Small parcels of land should have access to transport and utilities on the same terms as large parcels, without discrimination. In this way, and with a good land market, the optimal size of parcel will turn out to be much smaller than conventional wisdom today imagines. It takes large numbers of small, independent firms to make capitalism work right.

Interactive development planning is a messy, ongoing process one must experience to understand. The somewhat anarchic American process may be too abhorrent to Russian cultural patterns to import whole. Japanese success importing western ideas comes to mind: they did not just import, they Japanized, adapting as they adopted. It is with great nations as Emerson said of great men, they leave no models, each is great in its own way. It would not be surprising if Russia improved on us: there is lots of room for it.

d. Recording titles and deeds. All deeds, and the consideration, shall be public, and publicized pro-actively. Summary information on land-value maps shall be posted and/or distributed, in a form easily understood by normal literate adults. A Bureau of Land Statistics shall be formed and funded to publish and analyze this data continually.

Payments shall be made only in cash, through a public (or audited private) escrow. Penalty for violation is forfeiture - no fooling around. This penalty shall be mandatory, not at discretion. No unrecorded contract shall be enforceable.

This is the occasion to record public servitudes, announcing and repeating the public claim on ground rent overtly.

All debts secured by capital affixed to land shall be recorded, and otherwise not enforceable. Every recording shall explicitly recite the private debt is subordinate to the public right to ground rent. Land itself shall not be pledged by private parties.

Privatizing land use implies drastically revising infrastructure to accommodate new patterns of use. This will absorb large effort and capital for years to come. The massive Soviet bureaucracy can find a useful transitional, and some permanent role in this huge residual public sector.

Early infrastructure initiatives should be low-cost and as flexible as possible, with little thought of building for the ages. Experience must be gained with private sites.

VI. Precedents

A. The Province of British Columbia owns 95% of its own land area. That is not the best urban land, generally, and much less than 95% of its land value, but still a vast empire. This land is leased to private parties for logging, power generation, mining, "water lots," and other varied private activities, which supply much of Provincial revenues (and could supply much more if better administered).

B. The Province of Alberta owns some 90% of its subsurface mineral wealth, which it leases to private parties under a sophisticated system calculated to encourage competition, enhance the value of reserved lands, and maximize Provincial Revenues. Through careful administration and husbanding this Province has grown fabulously rich, and would be richer yet had not its success, coupled with low voting power in Ottawa, inspired successive Federal raids on its revenues (analogous to, but less bloody, than Saddam Hussein's Anschluss with Kuwait).

C. The State of Alaska owns, like other coastal states, a 3-mile strip of what are now called "tidelands." Prudhoe Bay is located there. By tapping this rent, using various tax methods to compensate for a fatuous leasing policy, Alaska has contrived to eliminate most other taxes.

They set about declaring a social dividend, an efficient and equitable method of distrition, but were unfortunately stopped by the USSC decision in Zobel v. Williams. The bad news is they have subsequently dissipated their rents in riotous spendthriftiness now driven by a concept of "regional equity," also known as logrolling and porkbarreling.

D. The U.S. Government administering the OCS under the BLM sets a worse precedent. It provides generous tax subsidies for the industry, then leases land at low royalty rates, with the bonus bid up front as the bid variable. The results are to discourage competition, encourage preemption, etc.

E. The history of European settlement in the Western Hemisphere, The Antipodes, and parts of Africa is a treasurehouse of lore on methods of privatizing public lands. So, going back further, is the history of internal colonization in Europe, and the history of disposing of confiscated church and emigre lands after various disruptions.

In the U.S.A. the history of error is as instructive as the history of success. Not until the Cleveland administration was land disposal cleaned up at all well, and by then it was mostly gone. However, the irrigation frontier remained, and provides some positive examples of constructive disposal.

It was not just or mainly Federal policy that made the desert bloom, but local policy. The history of irrigation districts in California is worth intensive study. The writer is appending an article on the subject.

F. The Jewish National Fund and the Jewish Agency in Israel are quasi-public entities whose original purpose was to lease land to settlers. Unfortunately they wrote 50-year leases (straight from Leviticus) on fixed terms, so lessees have become de facto owners of most of the rent.

The Kibbuz has proven a viable method of cooperative settlement and land management, worthy of study and possible emulation.

VII. Implications for U.S. domestic policy

To be added.