A FABLE (APOLOGIES TO BEATRIX POTTER)

DAEDALUS, the quirky thinker who used to inhabit the back page of the New Scientist, recently speculated in The Guardian (May 6) about the causes of economic cycles.

Treating monetary systems as analogies for ecological systems, he suggested that a limited number of currencies was analogous to a lack of diversity in species, which lead to lemming-like boom and bust population cycles. Daedalus proposed that stability might come from allowing competition between an unlimited number of currencies.

One has to agree that currency unions certainly have the structural fault of impoverishing the fringe to enrich the centre, but it is not clear that this leads to trade cycles.

PROPONENTS of land-value taxation, however, have always recognised a significant lack of diversity in human species. Greens and the better informed Liberal Democrats know that there are two main sub-species of the human race: "landowners" and the "dispossessed".

We won't find examples of this phenomenon in natural ecological functions, for population levels tend (like the lemmings that Daedalus mentions), to be based on immediate food supplies, finite appetites, the availability of habitat, and the relative impossibility of one individual occupying two ecological niches at once.

In the human economy, however, we have to deal not only with insatiable greed, but also with concepts such as exchange-value, expectation, and the law's defence of property rights. In nature we will not, for example, find Squirrel Nutkin's relatives paying tributes of dead mice and insects to Old Mr. Brown, the Owl, in return for the freedom to gather nuts on Owl Island.

Do you remember what happened in the story? The squirrels sail to the island. There, they "bow low" and ask "politely": "Old Mr. Brown, will you favour us with permission to gather nuts upon your island?"

In return for the permission, they return with new tribute - a mole one day, seven fat minnows another, a beetle, honey, a new-laid egg - anything that will appease the Owl on "his" island.

Beatrix Potter transposed onto the animals a human phenomenon. Of course, she does not bother to explain just how landowners acquire the right to exact rent for letting others use what they have not created and may not even use productively (how many owls eat hazel nuts?).

Anthropomorphised Old Brown does just as human beings do - defending property rights with violence and with the threat of a winter's empty bellies for squirrels who cannot pay.

But Ms. Potter does not tell the whole Nutkin story. If she had, Daedalus' question about economic cycles would have been answered. If you are sitting comfortably, this is how she might have continued with the story...

MR. BROWN knew he was on to a good racket, so he steadily increased his demands. He raised the rent as high as the squirrels could pay without starving, and most of their time was consumed in hunting beetles and dormice.

Then, since business was good, the owl bought a neighbouring island. The vendor had cannily observed the traffic in tribute to the first island and nuts to the mainland, and the price for the second island was high. Mr. Brown borrowed heavily to pay it. To meet the interest on his bank loan, he raised the rent a bit more. The squirrels were so overstressed that their eyes lost their sparkle and their tails lost their bounce.

Lacking time, energy and resources, they drowned. Most of the others stopped bothering about the nuts, simply living paw to mouth until the coming of winter finished the food supply. The squirrel population crashed, and that was the end of Mr. Brown's rent.

After several years, "green shoots" returned to the squirrel economy. But by that time, the bank had repossessed the second island, the owl was bankrupt, and he was having to scavenge for himself. Landowners can suffer too, you see, but they tend to have more to fall back on in hard times, and of course their assets are indestructible.

Eventually a new generation of squirrels built new little boats and came to Owl Island with their tribute. They could only afford the original level of rent, but Mr Brown - thin and bedraggled - was now willing to accept it. And so the whole thing started all over again.

The land-value created by the demand for nuts really belonged to all the animals, not to Brown, who had not created the island, or the nuts, or the squirrels. Only Nutkin, it seems, saw that Old Brown was a thief, and he paid for his indpendence of thought with half his tail. It may well be that he suffered a more enviable fate than his human counterparts who starve in the gutter or grind out sterile lives in factories to pay mortgages that are inflated by the artificially high price of building land.

But if land-value taxation had been operating in Potterland, Brown would have had to pay a tax based on the use that all the animals (including Brown himself) needed to make of the island. Diversity would have been ensured by Brown needing to see that they DID use it, so that he could collect the rent to pay the tax. Competition between Brown and the bank (the new owners of the second island, remember) would have ensured that rents reflected REAL value, rather than speculative pricing in a restricted land market; and the rent revenue would have paid for a health service and education for all the animals. Industriousness, stability and equality would have reigned, and Mr. Brown would have had to work for a living instead of exploiting the needs of others.

Not such an interesting story, but a much nicer place in which to live, don't you think?

* Beatrix Potter, *The Tale of Squirrel Nutkin*, London: F. Warne & Co., n.d.

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