

THE MISSED - OPPORTUNITY SUMMIT

- by George Collins

Professors Robert Solow and James Tobin, two Nobel Laureates from among the 30 economists who signed a salient 1990 letter urging Soviet President Mikhail Gorbachev to collect the rent of land as public revenue for his emerging market economy and avoid our mistake of allowing land rent to be privately collected, had a chance this month to once again set the thinking of government along that path. But this time it would not be a private presentation to President Yeltsin for his troubled Russian Republic. It would have been publicly proposed to President-Elect Bill Clinton for the ailing US economy - had they elected to repeat the recommendation.

The professors were among the hundreds of businessmen, economists, labor leaders, educators, and public officials called together by the incoming President in an historic economic summit in mid-December. In a forum open to full public observation and participation through radio and TV (a system that is likely to become out "national town meeting" through this administration,) participants boldly gave the President-Elect their assessment of what has gone wrong with the American economy and society and what should be done to fix it.

Just as the other experts did, Tobin and Solow produced impressive statistical data illustrated by vivid graphic displays - provided through the generosity of Apple Computer - chronicling two decades of decline in the US economy. Through it all, not one hint was given that private collection of land rent and the excessive squeeze on productivity and profitability was even a contributing cause. Collecting more land rent with an accompanying reduction of the incentive-destroying taxes on labor and capital had no basis on which to be presented.

To be sure, reference was made to real estate. It figured in housing concerns and the general need to get the economy going again. And one economist, after telling President Clinton that foreign corporations invest heavily in research and development and worker training, while our do not, answered his question about what we do by explaining that we invest in real estate and takeovers.

Among solutions offered were ideas which should gladden the hearts of land rent-seekers. One, suggested by a city housing official, was that the government might consider making the down payment for home buyers who could make the monthly payment but cannot raise the initial cash. And given that heavy investment in infrastructure is, for President Clinton, a primary necessity, another economist urged him to recognize housing as an infrastructure item.

Now the President and his staff face the task of sorting through all the recommendations and choosing what to do first. Professors Tobin and Solow did not place land value taxation in the hopper, so it is not an option for Mr. Clinton to consider. I wonder if they would be willing to sign a letter to President Clinton urging on our government the public collection of land rent - or is that ethic only good for Russia?