

Established June 1894

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Tel: 212 889 8020
ISS No. 0023 7574
Vol. 98
No. 1,154
Annual Subscription:
U.K. & Sterling area: £7.50
USA \$13.50, Canada \$15.00



COVER PHOTO

Mitch Chanellis, who advises on the dynamic benefits of site-value taxation, outside one of hundreds of vacant properties in Roxbury, Boston.

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Russians pay price in vain

THE TRAGEDY in the making in the former socialist countries will affect every nation.

The leaders of politically emancipated countries are about to privatise natural resources. They equate the privatisation of land with "economic freedom".

President Boris Yeltsin said so on October 28, when he announced his crash programme to transform the ailing Russian Republic.

The socialisation of Soviet soil was a response to the grotesque injustices of private land ownership. It was the only virtuous event to come out of the 1917 revolution; badly handled since then, but at least it gave a new generation of leaders the chance to improve on the rotten system they had displaced.

Yet the Russians are about to unceremoniously dump this achievement by copying the western model of property rights.

THE effects of privatisation can already be seen in Czechoslovakia.

In 1991, over 10,700 businesses were auctioned off, the money paid into the National Property Fund.

• The winners were delighted. Many are indebted to the banks, but that was the only way to raise the capital to buy the properties.

• The losers are angry. One of them told the London *Financial Times* on Nov 8: "What about the people who have no money? They will have no chance to buy any property."

By alienating the unearned rental value of land to a minority of privileged citizens, the politicians are re-creating the class system - which is at the heart of current problems in the western democracies.

Western politicians could have guided them to a sensible arrangement: one in which entrepreneurs

enjoyed secure possession on payment of the market rent of land to the community (revenue that would be *in lieu* of taxes on labour and capital).

Instead, the west is encouraging the folly of land monopoly, the greatest obstacle to economic efficiency and political freedom.

THE WEST will pay the price. In the Americas, for example, Mexico is about to privatise the *ejidos*, the communal farms that gave peasants a toehold on the land.

President Salinas thinks that, by abandoning the cry of their revolution - *Land and Liberty* - he will turn Mexico into a developed capitalist country.

Wrong. Salinas does not realise that "capitalist" countries relied heavily on plundering natural resources from other regions for their development. This yielded sufficient incomes for the elites to buy relative social stability through the demeaning social programmes of the welfare state.

That is not an option for the late-comers. Overt colonialism is over. Which means that, with the privatisation of the *ejidos* - to enable peasants to put the deeds of their land into the hands of bankers - joblessness will rise in Mexico.

And where will the landless go? Under the wire into California; into the narcotics trade, and anywhere else in search of relief.

Mexico will export her misery to America. That will lead to calls for obstacles to free trade, it will sharpen the divide between nations, and so further obstruct the desire for all men to live as free and equal citizens on earth.

The price paid by tens of millions of people for the disastrous experiment in socialism in the 20th century will have been in vain.

COMMENT by the Editor