landowners.

De Fremery accepts that, to live, to work and to play an effective part in the economic and social life of a community, individuals frequently need exclusive use of areas of land. But in recognition of being allowed such exclusive use, the individuals concerned should be required to pay into the common fund the annual rental value of the land so held. Thus, in the way favoured by such people as William Penn, Adam Smith, Herbert Spencer and Henry George, the whole population would share in the natural bounty represented by the nation's land.

After these persuasive words on a subject on which he writes with authority, it is a pity that de Fremery passes to the subject of banking, in which sphere his criticisms are less convincing. He regards as an unwarranted privilege the banks' power to create money by making mere entries in their books, i.e. by creating "bank credit". The "highly unstable" nature of bank credit and the consequent "illiquidity" of the banks, he charges, leads inevitably to crises of credit and, indeed, led to the stock market crash of 1929 and the ensuing Great Depression. The remedy, he suggests, is to restrict banks to lending only their "existing funds", i.e. to adopt the "100% reserve" system.

It is clear from the debate (recorded in the book) between de Fremery and a senior economist of the Brookings Institute in Washington, that his views on the perfidy of bank credit are not generally accepted in the banking profession. But irrespective of the merits of that argument, is de Fremery correct in claiming that "bank credit money" per se is responsible for the periodical crises of confidence in the business world, for the panic runs on the banks, the foreclosures, the bankruptcies and the mounting unemployment? Is it not, rather, that the runaway increase in the price of land that invariably precedes these crises, with speculators pushing the price of land beyond the reach of entrepreneurs and other would-be users of land, dries up business expansion and development and leads to the now-familiar cut-backs in production and, eventually, to recession?

Perhaps it is speculation in land, rather than any perceived weakness in the banking system, which leads to the cyclical down-turn in business affairs. And perhaps this is an aspect of the case for the public collection of land rent - to eliminate the activities of the speculator - which Mr de Fremery has not fully appreciated. Nevertheless, the message of his book is clear: that of all the privileges that Jefferson would have deplored, land ownership is surely the most fundamental.

B. W. BROOKES

PLATITUDES

Real-Life Economics: Understanding Wealth Creation, Paul Ekins and Manfred Max-Neef (editors), London/New York: Routledge.

This book confirms my fear that environmentalists have abandoned legitimate concerns for platitudinous analysis.

We are all worried about our habitat. The question is: What are we going to do about it? Environmentalists are chasing themselves in circles, playing a game of chicken which the earth-wreckers are winning. Why? Because their platitudes fence them off from the source of the problem, which means they are politically neutralised.

Take land trusts, which are hailed as harbingers of sound principles of land use. We know from history that such enclaves do not stand a chance against the overwhelming forces that are at work in the current system of wealth production and environment destruction.

Paul Ekins ought to know better. Yet his contribution adds to the fuzziness, contributing to the ineffectiveness of the Green political parties (which is why Sara Parkin has quit the British Greens, and may be a reason why Petra Kelly died from the gunshots from her lover in Germany).

Ekins seeks a reanalysis by offering what he deems to be a more sophisticated model. He dismisses the classical three-factor analysis (land, labour and capital) as simplistic, as missing "most of the important parts of the story", yet confesses that his alternative model, which redefines land as "environmental capital", omits both time and space - which, he notes, "are crucial to all economic activity".

Where is the flaw in the environmentalist's perspective? In its omission of the income distribution features of the wealth-creating process - the aspect which the classical economists emphasised. In the classical model, time and space are encompassed in the concept of rent.

Rent, of course, does not figure in Real-Life Economics. And yet it would enrich the analysis beyond measure; in fact, you cannot have an adequate assessment of man's impact on nature without locating the rent-seeking motive at the heart of the analytical framework. For a start, rent ties the use of space, or land (which, in the classical definition, includes all of nature's resources) into time. Two examples: jets that are about to land occupy a time slot in a finite space over the airport, for which they pay rent. Similarly: broadcasters pay (or ought to pay) rent for the right to beam their signals into the radio spectrum.

Anyone who wants a serious starting point to the problem of sorting out the problems of ecology should turn to Dr. Alex Hardie's critique.* She sees that income distribution leads straight to property rights, which is where the ride starts to get rough. Until property rights are reassessed, environmentalists will continue to whistle in acid-filled wind.

* R.V. Andelson, *Commons without Tragedy,* London: Shepheard-Walwyn/New York: Barnes & Noble, 1991.

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