

ECONOMIC DISHARMONY
and why the ecosystem suffers

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A middle-income homeowner who would be perfectly comfortable with a quarter-acre lot buys a two-acre lot. He rarely uses his yard, except when he grudgingly cuts the grass on his miniature tractor. A number of potentially good neighbors would like to build on his land. Even though he could use the money, and even though new neighbors would be far more enjoyable than all that uncut grass, he refuses to sell.

A developer is looking for sites where he can build housing. He finds that there are many suitable locations close to the heart of the city, already served with infrastructure and access to mass transit, where his potential customers would prefer to live. Yet he passes these sites and decides to build on the outer fringe, where land has less residential value and more value as farmland and wilderness.

Out on the fringe, the developer finds many locations where construction is simple and inexpensive, where all he has to do for a foundation is dig holes and pour concrete. Instead he goes to considerable expense to drain a swamp.

An industrialist passes over old factory sites where there are rail and barge lines, underused highways and unemployed laborers--all the right conditions for a profitable enterprise. Instead, with a lower expectation of profit on his product, he builds in an area that was formerly undeveloped. A new infrastructure has to be built, consuming resources and wreaking ecological havoc. New communities also have to be built, leading to disruptive migration of families. Meanwhile, old factory sites, old transportation systems, and skills of unemployed workers continue to be wasted.

There are so many paradoxes like these. For example, if family farms consistently get higher yields per acre than corporate farms, why are corporations willing to pay more for farmland than family farmers? If farmland is so expensive, why do so many farmers ignore effective organic farming techniques and risk destroying their lands with heavy use of chemicals?

Why do we consume scarce natural resources to mechanize production while we are burdened with idle human resources? Why do we keep junking old cars and buying new ones when it requires far fewer resources and only slightly more labor to maintain cars for longer life?

These examples, which make no practical sense, make perfect economic sense to the people who made these decisions. The reason for this is that our economic system is distorted by human laws that are not in harmony with natural laws.

Instinct and common sense both tell us that the earth and its resources are a common heritage, yet law, we have allowed the earth to be treated as private property. We have allowed it to be carved up by governments and sold in parcels to whoever was in the best position to buy, without regard to the "owner's" personal interest in that land and without regard to the impact on other people or on nature itself.

A result of allowing these finite resources to be privately owned without proper obligation to common interests is that people have purchased land they would not otherwise want, so they can charge the rest for access to that land. Others resort to land they would not normally use, because of artificially high prices on the appropriate locations. Some even deliberately alter their activities in ways that manipulate land prices.

The homeowner with the two-acre lot isn't selling because he expects land prices to continue going higher. In fact, the more desperate people become, and the more they offer him for access to a piece of the earth, the more he becomes convinced that his best option is to hold out for more money.

The developer who drains a swamp might well have built on a more suitable location--if owners of those locations had been willing to sell at reasonable prices. But most prime vacant land is held by real estate interests who care more about making a killing than about the rest of society making a living. As difficult as it is to drain a swamp, it is sometimes even more difficult to deal with a greedy landowner. If it were not, far fewer swamps would be drained.

You might wonder what would possess a major industrialist to bypass a perfect location for an area that seems as inappropriate industrially as it is ecologically--until you discover that the corporation and others with close connections to the corporation have quietly bought up land for miles around the new site. Even if they lose money on the product, new workers looking for homes and new businesses looking for places where they can sell to the new workers will send land prices skyrocketing.

For a large corporation, owning farmland is an investment. Farmland that increases in value yields a paper profit, even if it produces nothing at all. To the small farmer, high land prices mean high mortgages. For all their efficiency, these farmers make more money for the banks than for themselves. Farmers who have no mortgages might enjoy the same paper profits the corporations enjoy, but you can't eat paper. So they gladly quit a trade they do so well and sell to someone who does it poorly but doesn't care.

Indebted farmers, struggling to save their farms, and unable to proper help, training and equipment, resort to cheap tricks like overuse of chemicals, which could cause the farms to eventually lose fertility. But if this year's crop fails, and the farmer has to default on his mortgage, fertility will be of no economic importance to him.

Mechanized production is more profitable after taxes because the government overtaxes labor and fails to collect what is due to the community when common resources are used. Also, banks (which tend to lend money from the landed to the landless) will lend money to buy machinery but not to hire workers--just as they will lend you money to buy a new car but not to get your old car fixed.

All these economic aberrations are rooted in the fact that we have given up our common economic right to the land, without getting equivalent economic obligations from the landholders. All these economic aberrations contribute to ecological disaster.

Even warfare, the greatest ecological disaster of all, is usually caused by struggles to dominate land--struggles that both sides could profitably avoid if they had an economic model that allowed for common access to land on equal terms.

There is a sound economic model between the extremes of capitalism, which treats everything as private property, and communism, which treats everything as public property--a model that recognizes the sanctity of the earth as the common heritage of all mankind, without compromising the freedom of individuals to live their lives, and without bureaucratic interference--a model based on the premise that those who hold common land owe rent to the community.

Modern appraisal methods have enabled communities to scientifically determine the value of land and resources with an accuracy that until recently was impossible. Separating the essential land value from the total property value, municipalities in the United States and across the world have successfully experimented with this model, collecting more and more of their revenue from the unimproved value of privately held resources.

In economies based on this model, people quite naturally use only as much land as they have legitimate need for, and they use the most appropriate land first.

People don't speculate on things they rent. Monopolists quickly become less interested in hoarding the common wealth if it means they have to pay for the use of that wealth year after year. Industrialists don't try to manipulate land values if the values aren't going to go to them anyhow.

The rest of us, given access to the earth on just terms, can learn to respect and appreciate it's beauty in ways we now barely imagine.

When land and resources find their way easily from those who hold them to those who personally value them, when we can work where we live, when we can live where we feel we belong, and when the a resource costs the user what it costs society, we will have an economic system that is in harmony with natural law.

For those who have not studied ethics and economics of land tenure, it might be difficult to conceive of a modern, industrial, free-enterprise economy operating on commonly owned land. Our land tenure system has been based on conquest since before the times of Moses. We tend to think of common ownership of land as the system of those who were most easily defeated.

But just as we have emerged from an era when conquest was a viable way to settle our disputes, we have also emerged from an era when conquest is a viable basis of land tenure. And just as modern economics has perverted the basis of private landowning, so has modern economics given us tools to reconcile private ownership of improvements to the land with common ownership of the land itself.

If this is a new idea to you, you will probably have many questions. There are sound answers, but understanding them is sometimes requires calm, careful consideration. If you love this earth as dearly as we hope you do, understanding this issue is well worth the effort.

But there is one thing that is obvious to anyone who dares to raise the question. As surely as we are all children of (God, Nature) common ownership of the earth is the natural law. Any economic system that does not harmonize with that law is fundamentally flawed.

Our duty, as friends of the earth, is to understand and correct that flaw.