

RUSSIA SHOULD BE ALLOWED THE THIRD WAY

The recent visit by American Georgists to Russia as guests of the Economic Committee of the Supreme Soviet greatly encouraged all of us to believe Russia was seriously looking at the middle way between discredited State planning and monopoly capitalism.

The Russian leadership under Gorbachev then seemed determined to obtain all the benefits of free market competition whilst shunning the evils of monopoly, especially land monopoly. It is to be hoped Gorbachev's insistence that private ownership should not apply to land continues.

Agricultural reform and collection of ground-rents were being pursued as the catalyst to raising the levels of productivity, consumption and savings without which more painful economic reforms would have been impossible.

Collective farms are being dismantled and the land let to individuals and teams on 49-year leases. Markets need

prices that are correct and responsive to the forces of supply and demand; what better place to start than the rural sector where a dispirited day labour force has been blamed for Russia's inability to feed itself? The collectives themselves are being converted to Western style agricultural co-operatives restricted to the provision of supplies and financial and professional services as necessary to the growing and marketing of farm produce. The status of the sturdy hardworking peasant farmer seemed to regain its rightful place as caretaker of Russia's landscape.

Following in the footsteps of Japanese, Chinese and Taiwanese peasants, Russia's farmers were being encouraged to become rich by hard work and skilful market anticipation. Just as Chinese farmers now invest their surplus savings on the Shanghai Stock Exchange, Russian peasants should soon be doing the same on Moscow and other Stock Exchanges.

Mainland China's policy of special economic zones and the granting of 70-year land leases in urban areas to foreign industrial joint ventures is also being considered as a means of opening up the Soviet economy to the rigours of world competition. Lack of competition and technological and managerial backwardness are being seen as the main contributors to Russia's low level of industrial efficiency.

Russia intends to withdraw from direct State investment in productive enterprise except through ploughed-back profits and to concentrate scarce public capital on improving community infrastructure such as ports and harbours, roads and railways.

Finally there is a call for quality instead of quantity, the bugbear of the past 70 years of State planning. Georgist policies of collecting the economic rent would raise sufficient State revenue to avoid incentive-killing taxation and forced levies on private savings. With the assistance of the free world and the institution of Georgist policies enough competitive free market forces should be unleashed to provide the environment for the sustained economic growth Russia so desperately needs.

The new breed of economic experts now in charge have the opportunity to make or break Russia. Greedy capitalist adventurers must not be allowed to gain monopoly control of Russia's vast land area or world peace will once again be in jeopardy.

All people of good will must assist Russia to synthesise private enterprise with the social ownership of land.

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