

Land & Liberty

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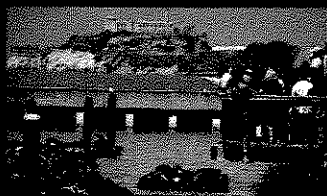
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Putting people at the heart of economics

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Who carries the weight of global debt?

International loans and credit cards are dragging communities down into a spiral of decline. How can we all develop without debt?



**Rebirth: how San Francisco
rose from the rubble after
Loma Prieta**



**Essay: how biopirates
are attacking the
Indian Neem tree**

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Land & Liberty has chronicled world events for over 100 years. It has offered a unique perspective with its reports, analysis and comment on the core issues of political economy. It aims to explore how our common wealth should be used – and to demonstrate that this is the key to building the bridge of sustainability between private life, the public sector and our resources – between the individual,



the community and the environment. *Land & Liberty* is putting people at the heart of economics.

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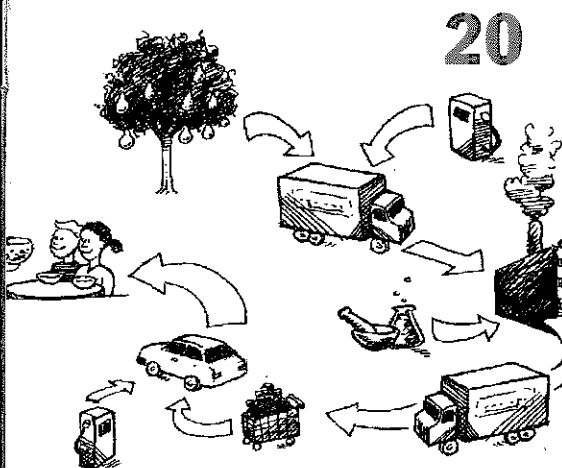
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Development without debt



www.LandandLiberty.net

First word

IT SEEMS THE whole world is in debt.

In the drive to achieve 'development', the Global South has become massively indebted to the rich North and the global financial institutions. At the same time it's clear the North's squandering of world resources indebts it (in some way) to the resource-rich South. Meanwhile metropolitan public works indebt the general taxpayer of our depressed regions – and, through cruel fiscal gimmicks like the Public Finance Initiative, indebt their unborn children too. Political imperatives of education and healthcare *free* at the point of delivery ignore the costs and hidden debt created by our present funding. Debt today is just a burden.

Debt of course is often taken on voluntarily as a means of personal release, or as a springboard for enterprise. Funds lent may be used to create benefit for the borrower out of all proportion to the burden of repayment.

But what when the terms of indebtedness become disabling? More fundamentally, what when the social framework in which a person is born, or a community develops, is such as to make indebtedness an almost inevitable fact of life, and not a matter of free choice?

When the common resources of nature and community, that are the foundation for life, are withheld from an individual life, or from a place, the options for existence are restricted: your 'choices' are made for you. In the absence of what's needed for survival, you have to borrow: the relationship of indebtedness becomes a part of life. But in such entrapping situations, can lenders be anything but wealth-extracting exploiters?

A debt's terms can very easily become an albatross carried in atonement for past needs, indulgences, errors and sins: sometimes other people's, thanks to corrupt regimes. Debt is a tightrope between freedom and incarceration.

Some may spurn the quarry being hunted by all this debt. 'Development' is not after all an uncontested good. We may reject forms of it – like the ideological construct of it driving the globalisation project. So let's say the 'development' we have in mind is the natural and organic discovery of the full possibility of human culture. Can that only come with debt?

Our writers in this issue also say much on the problems of development as it's traditionally manifested – the sense of technology to Africa; of McDonald's as the vanguard of a Western cultural hegemony – usurping indigenous values and value (see Interview, p8); the enclosure of the life resources of the world like the neem tree (see Essay, p16); of the North's unequal use of the global commons (see Books, p20); and of the forces bleeding our economic margins to bankroll urban development (see Outreach, p7).

The idea of enabling development without incurring debt is not only attractive, it is vital, commonsense and freeing. It requires our communities develop by using their own resources – minimising (at least) need for 'assistance'.

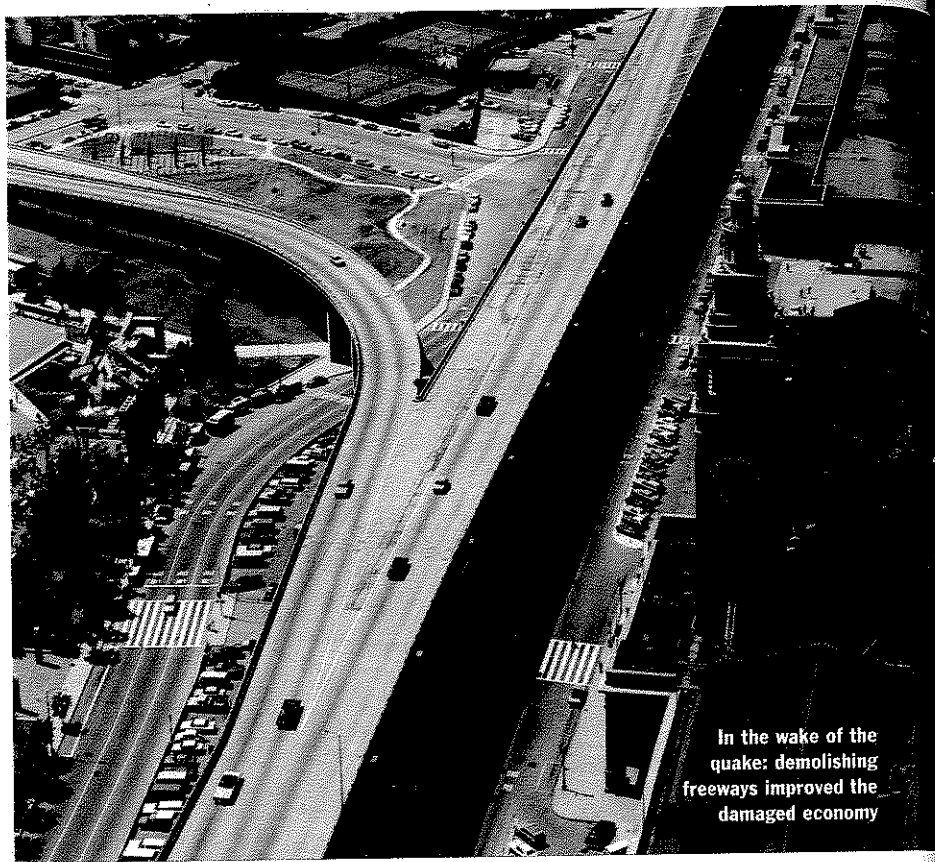
The question this *Land&Liberty* addresses is: how can the fullness of life be achieved without self-defeating indebtedness? How can we develop without debt?

Peter Gibb
 editor@LandandLiberty.net

Outreach

Disaster struck San Francisco in 1989 when an earthquake hit the city. It killed 16 and shattered arterial road links.

Andrew Nash, former director of the city's transport authority, tells how the city rose from the rubble



Tearing down the freeway

AS YOU WALK along San Francisco's Embarcadero with its palm trees waving in the ocean breeze, watching historic streetcars rumble by, admiring views of the Bay, it's hard to imagine that just 10 years ago you would have been walking in an ugly, dark, smelly street under two levels of freeway. That freeway was damaged by the 1989 Loma Prieta earthquake, and torn down to make way for today's spectacular boulevard.

Demolishing this freeway was quite controversial since it led directly to Chinatown and Fisherman's Wharf. Merchants complained that visitors could not reach their restaurants and shops without it. However, a large group of sealions settled in a nearby marina at Pier 39 following the earthquake. The sealions pushed Pier 39 attendance to record levels despite the closed freeway. This proved lack of freeway access would not have to bring visitor declines.

Demolition of San Francisco's Central Freeway, also damaged in the earthquake, was even more controversial, since it provided access for a large part of the city. Some of the freeway had been demolished immediately after the quake and Hayes Valley, a once marginal neighbourhood, blossomed with new shops, restaurants, and activity. Residents realised that demolishing the remaining

freeway could have similar benefits and began fighting reconstruction plans.

Between 1996 and 1999, San Franciscans voted four times on whether to rebuild the Central Freeway, ultimately deciding to replace it with a boulevard.

The Embarcadero is now complete and Octavia Boulevard is under construction. Early results are nothing short of extraordinary – both areas have redeveloped into vital, attractive and exciting neighbourhoods. The Embarcadero is a major regional shopping and entertainment district; real estate values have rocketed, and billions of dollars have been invested in the area. Hayes Valley has been transformed into one of the city's most hip and arty neighbourhoods. An area once filled with drugs, prostitution and parking lots, now boasts restaurants, galleries and new apartments.

In San Francisco, demolishing the freeways provided two fundamental ingredients for urban revitalisation: land and an improved environment. The freeways themselves took up a huge amount of space and their environmental impact (noise, air pollution and visual intrusion) destroyed any possibility of economic vitality. Before these areas were urban wastelands. Now they are the city's most highly sought after property.

Urban revitalisation started when the freeways were torn down and was, especially in the case of Hayes Valley, a spontaneous community-driven effort.

Tearing down the freeways cost more than building them. Surplus land sales made up the cost difference from disaster funding. The city will eventually benefit from increased property tax values – imagine the difference in value of a hotel located next to a double deck freeway, and a hotel overlooking a park with views of San Francisco Bay.

But with California's convoluted tax system it will be many years before the city collects these taxes – and this will be a fraction of the private sector benefit. From a funding agency's perspective it would be nice to share in the windfall profits property owners accrue after construction (or deconstruction) of major transport projects. A system for this would go a long way to funding the rebuilding of our decaying urban infrastructure.

Looking back it's hard to believe tearing down the two freeways was controversial, however, without change, cities become stagnant and die. The earthquake helped push San Francisco into the future. We hope other cities can get there – without a natural disaster.

Charge not car 'Poll Tax'

17 FEBRUARY 2003 sees the introduction of London Mayor Ken Livingstone's £5 congestion charge for drivers to use central London's scarce road space.

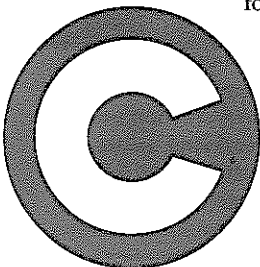
The principle of on-street car parking fees and charging motorists to use roads harmonises with advocates of taxing scarce natural resources as an efficient method for organising economies. The daily charge is intended to ease congestion. All revenue will be invested directly back into the capital's transport systems.

London's average traffic speeds through the working day are under 10 mph with drivers spending 50 per cent of their time in queues, costing London firms between £2m and £4m a week.

Controversy has dogged the charge's introduction, with Livingstone accused of adjusting traffic lights and introducing unnecessary road works to slow traffic in the lead-in time so that the roads will seem less snarled-up after the charge comes in. The Mayor strenuously denies this, saying his opponents are engaged in an extensive campaign of disinformation.

Steven Norris, Conservative candidate and runner up to Livingstone in the 2000 Mayoral race, describes the charge as a "Poll Tax on wheels". The Mayor points out it is not a tax, but a price mechanism designed to improve quality of life in London by reducing traffic, encouraging use of public transport, benefiting business efficiency, and improving the environment

for walking and cycling.



Future perfect? Drivers can find out more at www.cclondon.com

Oil fund key to Niger delta wealth

A NEW INITIATIVE based on the principles of resource rental and sustainable development hopes to redistribute the oil wealth from Nigeria's Niger delta. The proposed Niger Delta Fund will be similar to the successful Alaska Permanent Fund, which holds part of Alaska's vast mineral wealth in perpetuity, using the income to pay dividends to citizens.

The project is sponsored by Nigeria's Africa Center for Geoclassical Economics and Pennsylvania's Earth Rights Institute, who say the Fund will "bring economic prosperity to the region along with enhanced security incentives for uninterrupted oil production". It will use oil royalties to pay local people individual dividends. The remaining money will go for sustainable development loans, conflict resolution

and conservation programmes.

Oil is vital to Nigeria's economy, but it has also brought social unrest, crime and corruption. In the past five years dozens of oil workers have been kidnapped, pumping stations occupied and cars and helicopters hijacked. Environmentalists say once-rich farm land and fishing waters have been devastated, and the delta's people are among the poorest.

Gordon Abiama, director of the Centre for Geoclassical Economics, believes this is because "oil revenues have not been distributed to the people of the region" and "a substantial portion of these funds have found their way into private bank accounts in western countries."

Senator David Dafinone, chairman of the Union of Niger Delta People, has called for a trust fund for oil proceeds. www.earthrights.net/nigeria/

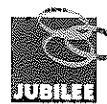


Delta region: oil flows but for many, drinking water still has to be carried

Colonialism's legacy?

CAN THE ORIGINS of the Southern African famine be traced to the colonial distribution of land? What is the connection between debt and the privatised system of money creation? These issues are explored at the online Legacy of Colonialism forum, which brings together voices from around the globe campaigning on issues associated with land rights and the exploitation of developing nations.

The forum focuses on how the colonial past of many nations has blighted their prosperity, and how the current economic systems need to be overhauled. Visit www.legacyofcolonialism.org



Debt relief cash 'not wasted'

ONE OF THE most common arguments used against Third World debt relief is that the money is squandered by irresponsible governments, and fails to reach the people most in need. But a study published by Jubilee Research, the successor to Jubilee 2000, has effectively disproved this claim: African countries that have had some of their debts cancelled spend more on health and education as a result, and no more on defence.

www.jubileeresearch.org

Olympics fan flames of land value capture

THE SYDNEY OLYMPIC Games in 2000 were a huge success, not only in the host nation's haul of medals, but also in the upgraded infrastructure it produced that helped a surge in real estate values.

The benefit of this to land and property owners has not gone unnoticed by the New South Wales state government, which is considering ways to tax the rise in land and property value when a new road or rail project is built.

The lesson for the state government was Waterloo's Green Square. In the five years since the announcement and building of the new airport corridor rail line there unit prices have risen by up to 180 per cent. Taxpayers shelled out £327m which benefited local land owners, who had no direct involvement with funding the line.

The NSW government has chosen the suburb of Bringelly as a test area where 30,000 home lots will become available over 15 years. Studies show developers would be required to contribute around £21,600 per block at Bringelly.

In this way, value created by tax-funded infrastructure can be recycled back into the public purse.

Call for air slot auction

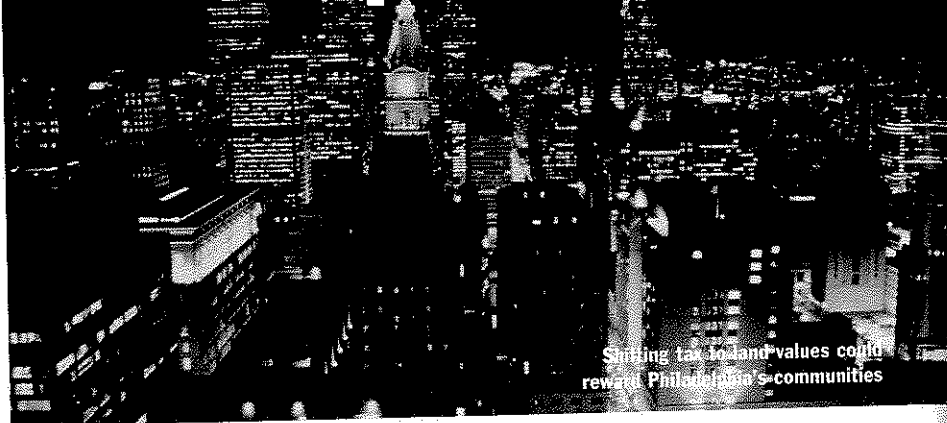
A GROUP OF environmentalists and economists are campaigning for aeroplanes to be subject to a congestion charge just like cars.

The Institute for Public Policy Research (IPPR) has proposed airlines should bid for their landing slots in an auction. It would effectively mean airlines having to pay congestion charges. Currently, aircraft compete to reach their destinations at times convenient to passengers.

The auction would create a revenue stream that could be put to public use as well as encouraging airlines to use those airports that are under-used, such as London Stansted.

Fresh thinking

Philadelphia reborn



Shifting tax to land values could reward Philadelphia's communities

Jonathan A Saidel, Philadelphia's City Controller, gives his reasons for wanting to use a land-based tax to resurrect his city

FOR PHILADELPHIA TO have a future we must find creative solutions to lower the overall tax burden while maintaining and improving city services. The challenge for our municipality is to find taxes with the least negative impact, which allow us to raise public revenue without chasing away individuals and businesses.

That is why a shift within the current real estate tax is so appealing. It will help neighbourhoods to improve in

quality while keeping the fiscal cost to the individual homeowners, who care for their property, at a minimum. How?

The mechanics are pretty simple. The current real estate tax is a tax on two separate things: a levy on the value of the building and a levy on the value of the underlying lot. Currently both tax rates are the same. Because buildings are usually more valuable than the underlying land, three quarters of the city's real estate tax revenues are derived

Kiley hardens line on funding

LONDON'S TRANSPORT COMMISSIONER Bob Kiley has strengthened his stance on using land value capture to fund the Mayor's ambitious plans for rebuilding the capital. In a conference speech criticising the UK Government's public/private funding partnerships, Kiley increased his support for a mechanism to capture the revenue stream created by uplifts in land values.

Kiley, who had already supported this new approach to transport funding in an interview with L&L (Winter 2001/02), reinforced his position at the Urban Regeneration: a fresh approach conference at London's new City Hall, organised by the Henry George Foundation and Land Value Taxation Campaign.

He said: "Full land value taxation may not happen in the near term, but we may have an opportunity here to take an

important step forward toward that goal through some variation on the tax increment financing scheme, and in so doing we will have made a crucial investment in the future of London."

Kiley's comments followed an announcement by Jeremy Edge, of consultants ATIS Real Weatheralls, that his company was due to carry out a study for the Office of the Deputy Prime Minister into the effect of Croydon's new Tramlink on property and land values.

The conference was attended by 130 delegates from the property industry, community groups, academia and local government.

Peter Gibb, Chief Executive of the Henry George Foundation, said: "Our efforts to build bridges to local

from improvements; only a quarter from land. This makes it very costly to maintain homes and tend gardens. Meanwhile, slum landlords are rewarded by having their assessments (and thus taxes) lowered, when their buildings fall into disrepair. So, while the current system punishes people who contribute to a community's wellbeing, it gives a tax break to those who bring down neighbourhoods with ignorance and neglect. This is obviously wrong.

By shifting the tax burden from improvements to land values, the city could reward people and businesses who invest in their communities while making it harder for speculators and slum landlords to hang on to property. Almost every owner of a vacant lot or a derelict house would see his tax bill go up and be encouraged to do something with the property or sell it on. Taxing land at a higher rate than buildings – or not taxing buildings at all – would allow citizens to maintain and improve their homes without fear of the taxman.

Land value tax is a win-win solution to urban blight, encouraging people to take pride in their homes and neighbourhoods. Un-taxing dwellings will help maintain neighbourhoods' values. Lower taxes on structures will help people win back their neighbourhoods through their own wishes and vision.

Twisted taxes distort economy

Nicaragua is one of the poorest nations in the Northern Hemisphere, mired in debt and poverty. Here Paul Martin tells how the country's fiscal set-up is making things worse

MANAGUA, THE CAPITAL city of Nicaragua is a good example of what happens to a city when the tax system provides more motivation for private speculation in land values than for private use of land as a productive resource.

Throughout the city large amounts of valuable urban and suburban land lies idle. There is disproportionate public and private investment in privileged sectors of the city, with advanced neglect in some areas and decay in most others.

On one side of the city, there are modern buildings with paved roads. In the other sections, there are rustic dirt roads and the most rudimentary of shanties sardined together.

The property tax in Nicaragua – *Impuesto Sobre Bienes Inmuebles* – is an



Slim pickings: a jobless man picks garbage

annually collected national tax. In most areas of the country municipal governments do not have the resources to administer the tax. In the capital, the tax is collected from a limited group of landowners, mostly in the developed areas.

The influence of the tax is too weak. The result is great inequality in access to the most productive land.

Many kilometres from the capital, unemployed *campesinos* – those not adventurous enough to migrate for opportunities to pick urban garbage, or engage in predatory crime – line the highway asking for handouts. Asked why they do not work the unoccupied land surrounding the urban centres, they respond: "That is all private property." Paul A Martin is the director of the Instituto Henry George in Nicaragua nssmga@ibw.com.ni

In conference

Debt and the engines of inequality

WHY MILLIONS OF people are driven to debt in a trading system that has the capacity to abolish poverty was discussed by leaders from the three main religions at Plater College in Oxford in the autumn.

Ann Pettifor, who initiated the Jubilee 2000 campaign to eradicate Third World debt, blamed global capital markets and called them gigantic engines of inequality.

Pettifor, now heading a research project at the London-based New Economics Foundation, said the developing world was being driven to debt by the enormous US debt. She said the US had to borrow \$4bn daily to finance the trade deficit and foreign liabilities.

US families borrow more than they earn, argued Pettifor, and offered their houses as collateral. But because they cannot sell their homes to pay off their debts, a crisis was looming that might result in a crash and large-scale repossession of homes.

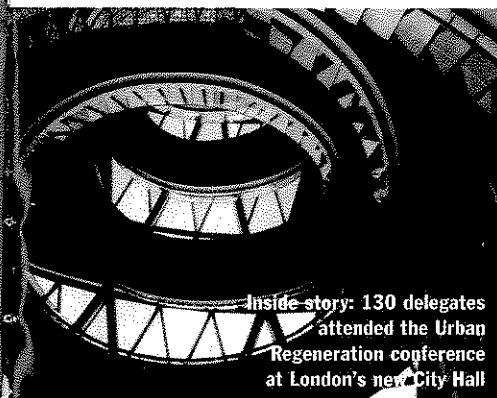
But big business was not necessarily

hostile to the interests of ordinary people, said Sir Sigmund Sternberg, who established the Three Faith Forum, in which Muslims, Christians and Jews meet to explore ways in which the religions can co-operate. He said businessmen should engage in inter-faith activity, to deliver global peace that was in their interest. He said: "There can't be world-wide commerce without stabilisation."

Several speakers said solutions could be found in the theology of land in the Old Testament. The Jubilee year practice described in Leviticus, in which debts were cancelled and land restored to its original users, was analysed as a relevant model for solving modern problems.

According to the 2002 survey by the UN Development Programme, the world will be free of hunger in 130 years.

The 2nd International Conference on an Interfaith Perspective on Globalisation will be in St Petersburg in April 2003. Direct proposals for papers to Dr Kamran Mofid at k.mofid@plater.ac.uk



Inside story: 130 delegates attended the Urban Regeneration conference at London's new City Hall

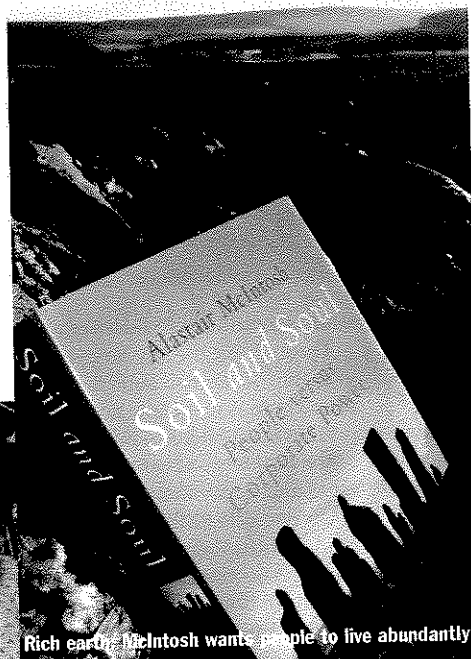
government and groups interested in regeneration are paying dividends. We believe our approach is the way forward for all those who would advocate the application of rent for public purposes."

For a transcript contact Paul Brandon, the Foundation's Deputy Chief Executive: p.brandon@henrygeorgefoundation.org www.henrygeorgefoundation.org

L&L interview

Development with soul

Debt is the scourge of development. Here **Peter Gibb** asks social reformer **Alastair McIntosh** how communities, economies and cities can revive without falling into its trap



Rich earth: McIntosh wants people to live abundantly

HUMAN ECOLOGY IS more than a subject, it is a perspective that embraces the natural environment, society and ourselves. It is the 'science of community'.

As a Fellow of the Centre for Human Ecology in Edinburgh, Alastair McIntosh is an activist and academic working on ways people can live, develop and relate to their surroundings.

Peter Gibb Margaret Thatcher said there was no such thing as society. But for you the idea is important?

Alastair McIntosh For me, community is about the expression of life. It's about living not just any old life, but abundant life. And it's something that is more than just a convenience, and more than just a so-called community of interests. It's the articulation of our interconnectedness as human beings – our membership one of another. It's about the principle that no person is an island entire unto themselves. We are all connected through the bedrock, and therefore inasmuch as I do to my neighbour, it comes back on me.

Community is living in accordance with that principle. I see it as essentially spiritual in its depth because it's about a three-way interrelationship, with one another, with the natural world, and with whatever our understanding of the divine basis of life might be.

PG In this context how do you find 'development'?

AM Development is a word some people would like to

see abandoned, because it's been abused, and used synonymously with economic growth.

But my view is we need to reclaim these words. Development, etymologically, means the unfolding of something. Hence we use the word correctly when we talk about foetal development – the unfolding of the foetus in the nurturing environment of the womb. Similarly, with human development, the word implies the unfolding of the full potential of what it is to be a human being living life abundantly.

PG So the term 'sustainable development' is an attempt to reclaim 'development'?

AM That's right. The term sustainable development has come about in response to the fact we live in a cancer economy, where growth for the rich is proceeding at such a pace it's destroying the earth and undermining the possibility of dignified development for the poor. So social and ecological justice must be at the heart of sustainable development.

PG We often think of how the human species fits into its environment as a matter of balance between conservation and development.

AM There ought to be no tension between conservation and development if we understand development in the way I have defined it. The reason in practice there is a tension is two-fold.

Firstly, simple human selfishness – the not-in-my-backyard effect – whereby some are willing to take the

Who controls the corporations?

CAPITALISM WAS A 16th century invention. Investors realised running an enterprise didn't require being an artisan – you could simply invest money. So in 1600 the East India Company was formed – the first company with interest holders whose sole function was to provide capital and extract a return from the colonial endeavour it represented. But after the Great India Mutiny the British Parliament dissolved the company, concluding its avaricious activities were harmful to empire's stability. Today single states can't dissolve modern multinationals. When Union Carbide poisoned Bhopal, the Indian government effectively closed down the local subsidiary. But little touched the parent company back in the US. Money – through corporations with limited liability and so limited responsibility – has taken on runaway qualities of its own. So who controls a corporation? No individual or group really does. A corporation is an entity unto itself – paying a competitive rate of return or being eaten up in a predatory takeover.

fruits of development but not suffer any of the costs. More importantly, the whole process of modernity from the 16th century onwards has been one of colonisation of community and community resources. This has now translated itself into advanced capitalism, where it's acceptable to exploit others and the natural world to concentrate material wealth.

The result is we now live in a state the French sociologist Durkheim called *anomie*. People have lost the sense of their bearings, their roots and connection to one another. What Carl Jung saw as the greatest disease of modern times – meaninglessness – has blighted people's lives, and without vision, as one of the prophets said, the people perish. That's the danger of the times we're in.

PG Indebtedness in the modern world would appear to arise systemically.

AM I understand indebtedness at two levels, and these relate to the function of money and what money actually is.

The primary quality of money is as an accounting system of obligations and credits between people. It lubricates supply and demand for goods and services. I don't think anybody – including any of the great religions in the world – can have any problem with money at that level. It's simply a keeping of scores between people.

What gives money secondary qualities, and makes it morally challenging, is when you start to expect a rate of return from the money itself. In other words, I don't just lend you money and expect you to pay it back, perhaps with a little bit added for administration, inflation and bad losses. But I expect you to pay it back with interest: which gives me, as the economists would say, a positive rate of return. In other words I make money simply because I possess it.

This is what is known in the Judeo-Christian and Islamic religious systems as usury. Usury means that wealth creates its own wealth. When money takes on this second-order characteristic a moral question arises which I think is at the heart of much of the malaise in the West.

PG The international debt scenario between the rich industrial nations and so-called 'under-developed' countries is very problematic.

AM The way forward lies in the lessons of Islamic economics. International debt has usually been structured by us giving something that costs us relatively little, but means a lot to the recipient. Loans were given to corrupt regimes, or used in projects that resulted in commodity prices collapsing. So that whereas at one time, a Tanzanian farmer's coffee crop might have bought a tractor – now it's enough to buy a bicycle. Consequently, not just this generation of Tanzanian coffee growers, but also future generations,

have become economic slaves to the West and its institutions.

Many people in the West invest in pensions and so on, without realising the return is partly predicated upon a form of slavery – debt slavery. I don't think that's an acceptable way to live.

The difference with an Islamic system is that it would not permit the extraction of usury from a country that can't pay. It would only permit a rate of return to be linked to the prosperity of the body or nation taking the loan. So a sharing of profits would be acceptable. But to continue extracting interest when there are no profits would be considered deeply immoral. If we had such a system we would see a very different world scenario than we see today.

PG The opium trade in the 19th century was an example of exchanging cheap commodities for debt – and we now have the creation of intellectual property rights through bio-patenting (see Essay page 14).

AM Well that's right. I mean all these things hook people into a relationship where wealth not only doesn't trickle down, but it actually funnels back up. It doesn't have to be like that. It is like that because we have canonised greed, and base our economic relationships on something other than service to one another.

We have made it acceptable to allow making money out of money to run riot in a world-wide casino economy. People are no longer bothered what they invest in – only in maximising their rate of return. Now this is Mammon. And while the suffering is most obviously felt by the poor, the real poverty is in those allowing these things to happen for their own benefit.

PG In *Soil and Soul* you speak about your younger life. How do ideas of mutuality and indebtedness relate to your own upbringing?

AM In the community I grew up in, if somebody needed money, and you lent it, no way would you ever think of asking for interest on that money. Interest was a very alien idea that was not uninfected. But it's not something you do with your friends. With your friends you operate on the basis of mutuality. I have, you need: you take, and give back when I need.

PG We easily forget we're more friends than strangers.

AM I think this comes about from a failed perception of reality. It comes from an individualistic, atomistic, competitive ethos that has no real understanding of community, except as something to exploit. As such, it comes about from a world in which violence must be germane: because unjust structures can only be held in place by violence, albeit implicit or passive violence.

The question basically is whether we want to live in a world that expresses the values of love or of violence. An economics system based upon mutuality, I would suggest, is predicated upon love.

PG You have argued in *Geophilos* that intergenerational equity is the only basis of sustainable development. How are our present systems failing and indebting our future?

AM Intergenerational equity is the idea that each generation has a right to what it needs for life, and we

The dangers of a small number controlling internet software

ALTHOUGH ANYBODY, INCLUDING pornographers and the mafia, can hook in and use it, I think the internet provides a very good model of a service that functions democratically for community benefit. My concern is the reality that when we live in one world connected by information transmission, we do have a very real problem when control over that becomes concentrated in the hands of a Bill Gates, or a very few people, says Alastair McIntosh. I don't think that's a problem which even cyber-land value taxation is powerful enough to handle. The technical problem is that you still need to have a common basis of communicating together. That means whoever controls the unifying bits of software has got tremendous monopolistic power, which needs to be controlled. You can either deal with that by taxation, or nationalisation. In this case it would be some kind of a United Nations nationalisation for the very large companies, so that these systems get used for worldwide benefit.

Into the spiral of decline

"ANNUAL INCOME £20, annual expenditure £19 19s 6d, result happiness. Annual income £20, annual expenditure £20 0s 6d, result misery" – but then Mr Micawber never had a credit card. Whether or not a piece of plastic can undermine the simplicity of Mr Micawber's economics, we've obviously come a long way from his day. For most people, credit provides elasticity around budgeting blips. So what's the problem? For the majority, an increasingly credit-based lifestyle leaves us locked-in to a life geared to satisfying the building society, student loans company, 'Provi man' or IMF – a subtle and corrosive form of dependency culture that leaves people even more vulnerable to the sudden disruption of income that comes from illness, relationship breakdown or harvest failure. And for those who are not on the receiving end of regular invitations to attractive credit – those most in need – there is the experience of being locked-out, at least from mainstream credit. Debt (usually in the form of rent arrears or fuel bills) mixes with poverty to build a powerful downward spiral.

Graham Blount,
Scottish Co-ordinator,
Debt on our Doorstep
Network

◀ shouldn't compromise the needs of future generations.

A basic problem with debt is it contains emergent properties. There is a scale of debt at which new properties not anticipated start to emerge. For instance, you suddenly wake up to the fact – hang on – we can effectively mortgage the children's future! We can fool ourselves into thinking we can have this hospital or whatever *now*, by bonding our children, and their children, to paying it off.

Debt is one of many ways in which human beings delude themselves, and allow themselves to be deluded. At this level it is a dysfunction of consciousness, and one that leads to suffering of future generations. So what would be the alternative to debt? Social justice here and now.

Just because you build that hospital by a Private Finance Initiative, with future generations paying for it, doesn't mean society has had to do any less work or use any fewer resources in building it. All it means is that money has been moved around to somebody's long-term benefit.

PG As you say, PFI is a mechanism for providing public services by mortgaging the future. What do you think of the alternative of funding public services from the private benefits they bring?

AM I think that land value taxation is an important and powerful part of the portfolio of fiscal measures needed, because so much economic activity is related to land – in terms of location and resource provision.

But while I am deeply in favour of land value taxation, I don't think it can be a single tax as is often proposed, because not all economic activity is land related. Similarly, why shouldn't we tax things like alcohol and tobacco, which cause considerable social problems?

PG Our systems of financial accounting deeply affect our day-to-day economic activity. Why is much of what we do today so unending and throwaway?

AM I think all resource economists recognise it's no longer economic to plant forests of oak. Nor is it economic to build buildings lasting 60 years or more. Few economists see the direct connection between that and the expectation of a real positive rate of return on capital – which means it makes no economic sense to invest in anything that will last into the future – like our environment for instance.

PG What is the community land movement that has been blossoming in Scotland in recent years about?

AM Community land ownership is the principle of land being owned on a communitarian land-trust basis, for the benefit of residents, in a democratic structure. It means land can be used to give life, rather than merely to extract profit for individuals whose sole qualification is their already massive

wealth.

PG So what are the movement's benefits and significance?

AM Community ownership, as on the Isle of Eigg and elsewhere, has immediate practical benefits in terms of self-determination and the stimulation of local enterprise. But even more than that the benefits are psychological and spiritual, because having an authentic and secure connection with place enhances people's sense of belonging and identity and their

capacity to develop long-term life-affirming values.

PG Most recent Scottish community land acquisitions have relied on outside support, indebting the community. Can community development come about without debt?

AM I was a trustee of the original Isle of Eigg Trust which launched the appeal

that achieved the buyout. That succeeded because we attracted 10,000 donations from around the world totalling £1.6m. Now in no way is that a sustainable basis for land reform. We did it, as have the Assynt crofters and the people of Gigha, to provide patterns and examples of what can happen when communities manage to take over the land.

However, if success is to be perpetuated in the long term, you either have to use unethical Mugabe-type methods, or a more gentle way. I propose that land value taxation should be levied on private land – community-owned land being exempt. The proceeds from taxing private landowners, both rural and urban, should go into a fund for buying out land, thereby financing the lairds' own clearance.

PG Why is development without debt important?

AM I'm not simply saying society should develop without debt, but without usurious debt. Finance should be on a mutual footing, where one person's prosperity assists another's need, and we don't have the poor financing the rich as we do now.

I see that as a central pillar of human dignity: of right relationship with one another that builds community, but also enriches our connection with place, and with the spiritual.

I see our economic relations as being very centrally a spiritual issue – connected with how we understand life and its meaning. Not subjecting people to usury is a central part of moving towards the world in which all can live not just any old life, but life abundant. **L&L**

So what's alternative to debt? Social justice here and now

The high cost of the Isle of Gigha
Gigha cost £4m to buy back for its people – £36,500 per person. Clearly, we need cheaper ways of resolving Scotland's land ownership problem. Land Reform Scotland calculates that on current funding, if all rural communities were supported like Gigha, it would take 3,000 years to buy back Scotland.

Land girl



Seize the day

Unless policy-makers wake up to the worth of land value taxation, author and columnist **Antonia Swinson** fears for her children's chances of bringing up their families in the UK

IT IS A symptom of becoming a land tax groupie, that one gains a completely new perspective on the news. To me it is now so obvious the current brouhaha about PFI, the UK's lousy work/life balance, crumbling infrastructure, the pensions timebomb and ongoing social disintegration, are the result of being ground down between the twin millstones of a feudal land ownership structure and a post-1980s American-style market economy – a process land value taxation could reverse with extraordinary speed.

Why don't UK policy makers 'get it'? I am increasingly confident they soon will. For as the consensus grows for greater social justice and a lighter tax burden, the penny will drop. With a reconstructed House of Lords, those great people's weapons, the internet and email, a burning popular thirst for history and a post 9/11 re-evaluation of community, frankly, we have never had a better time to sell land value taxation. Carpe diem!

My own damascene conversion to the debate occurred three years ago, when living in a small East Lothian coastal town. I saw city folk sleeping overnight in their BMWs, queuing up to buy six figure executive housing being spat up on a town centre beauty spot, just sold by the laird. Timing is all, so the laird, developers (and the council) all cleaned up, while the local community, whose efforts had imbued the site with its value, received nothing. In fact worse than nothing. While the laird was able to send his grandchildren to Ampleforth, class sizes in the local primary school shot up to 36, against Government guidelines. Racism against the incoming English worsened and our small high street choked with stressed, mega-mortgaged professionals fighting for parking. I wrote about this in *Scotland on Sunday*, was secretly hailed as a hero and duly cut by the laird's wife.

Perhaps had I not moved to the country, I would never have realised what power landowners exert on the state, and land value taxation would have remained a mystery. For while the number and value of acres owned by urban landowners remains largely unchallenged and unlegislated against, country landowners are more visible and I have seen at first hand how beautifully they bamboozle the urban national press into believing they are stewards of the nation's heritage.

How little comment there was about the creepy, sinister nature of the recent Countryside March. Organisers could not put together a coherent platform of speakers, yet, in a parody of olde worlde rotten borough politics, they doled out free tube tickets to crowds who did not connect that these paymasters were the reason for rural housing poverty in the first place.

It is time to make these connections, not least to the young people, who have most to gain from land value taxation, and are the principal victims of the twin evils of the tax system and land

ownership patterns. With some justice, Fred Harrison of the Centre for Land Policy Studies (CLPS) argues that land reform and land value taxation are too often intertwined, that it doesn't matter how many acres landowners possess as long as they pay their full value to the community. In theory, he's right. Yet this does not acknowledge the spiritual scarring. That is detailed by Alastair McIntosh in *Soil and Soul*, where he shows – drawing on Andy Wightman's work in *Who Owns Scotland* – how 1,252 landowners owning 66 per cent of the privately-owned land in rural Scotland results in an ongoing mental crippling of young people.

Last year, it was revealed that the young male suicide rate in Scotland is now double that of England and Wales. Intuitively, who can deny this is an effect of such historic emasculation? This is at the extreme. But for years I have talked to business groups across Scotland and their main concern never varies – where is our young people's entrepreneurial spirit? Where are the start-ups, the so-called 'gazelles' that create employment? It is a given that entrepreneurship, not to mention a healthy birth rate, are two effects of easy access to land. So much so, I even succeeded in making the chairman of the Scottish Landowners' Federation admit that Scotland's land-owning pattern probably has a bearing on its lamentable lack of business chutzpah – even though Scots have blazed a trail world-wide for centuries.

So *pace*, Fred, land value taxation should at least be thrown onto Scotland's land reform fire, at present under severe threat by the landowners' lobbyists. It frightens the socks off them, for they know the middle classes might finally wake up. CLPS chair Ron Banks estimates that a move to land value taxation in Scotland would deliver £18.97 billion – not much less than Scotland's Block Grant, and without the 'deadweight loss' of foregone economic activity of the current tax system, which he estimates at a whopping £48.5 billion!

Yet young people suffer across the UK. Banks estimates the deadweight loss created by the present tax system as £881 billion. This is nearly equivalent to the value of the whole UK economy and which interestingly mirrors the current UK personal debt mountain borne by mule citizens buckling under mortgages, largely created by the land-value monopoly. So should we be surprised by the latest Census revelation that 600,000 young men have moved abroad? Can you blame them when all they can expect here is a lifetime of debt and high taxes, with 99.9 per cent of the population squashed onto less than 9 per cent of the UK land mass, according to *Who Owns Britain* author Kevin Cahill? No. Young men need room to breathe.

Unless land value taxation is introduced there will continue to be painful loss to our nation. I live with the knowledge that unless these arguments prevail, the chances of my own two children bringing up their own families on this island, let alone anywhere near my sought after postcode, are close to zero.

Had I not moved to the country I would never have realised the power landowners exert

Breaking ground

Crossrail's unseen benefit



A bottlenecked, gridlocked London is a blight for all UK taxpayers.

Crossrail promises to unblock the capital's clotted arteries and quadruple land values in the process. **Peter Wilsher** reports

EACH OF THE separate benefits offered by Crossrail could enormously enhance the whole of the UK's prosperity and quality of life.

When the major political and planning decisions come to be made, the benefits will not accrue only – or even mainly – to London and its citizens. A bottlenecked, gridlocked capital is a blight for every UK taxpayer. Unblocking its clotted arteries will bring dividends for all.

Properly exploited, the returns will spread wide and deep: to the Home Counties' Green Belt and beyond; to often rundown cities, towns and villages of the South East at large; and in important ways, to Britain as a whole.

As yet, however, there is no accurate estimate for the total investment that might be involved, and certainly no accepted decision on how the financing might be most equitably and efficiently shared. Any full-scale, cost-benefit analysis is still at a very early stage, but some preliminary estimates have emerged.

West End property consultancy Hillier Parker has worked out that just building Core Route 1 would result in a roughly £6bn increase in property values. Other estimates reckon the benefit could mean a quadrupling

of London's property values – an often unacknowledged benefit of Crossrail.

To tap into this Hillier Parker discuss two methods available under current legislation – via the Planning Gain charges which can be levied under Section 106 of the 1990 Town & Country Planning Act, or, alternatively, through the increase in rateable values.

Either way they reckon a contribution of some £2bn to £3bn could be levied, leaving two-thirds of the resulting "planning gain" still in private hands. There is increasing distaste, however, for the idea that the provision of major infrastructure improvements, largely built at public expense, should end up making multi-millionaires of those lucky few who own land on or near the chosen routes.

Gradually more radical, and equitable ideas are being explored for spreading the gains, extracting a larger and fairer contribution from the lucky ones, while increasing society's own willingness to undertake a share of the substantial costs.

One possible set of solutions, following a line pioneered in the United States and embraced by London's mayor Ken Livingstone and his transport adviser Bob Kiley, goes under the title Tax Incremental Financing. But, critics – even those

sympathetic to the general notion – find its details flawed, especially when an attempt is made to apply them to Britain where city development, and the property interests generated, often go back hundreds of years.

Those who have thought about such matters tend to favour a much more root-and-branch approach to the problem of capturing and harnessing land value. That would require a wholesale recasting of the country's long-developing, impenetrably complex, and increasingly unsatisfactory tax system, with all the immense rethinking and political fall-out that that would involve.

Now, at the start of the 21st century – as the country's still largely Victorian infrastructure networks decay and fall apart – we have probably the best moment to make a fresh start. Crossrail, so long an impossible dream, could provide the impetus for a much-needed breaking of fiscal and planning log-jams.

1 Support for London's core functions

London-based jobs could rise by 1m over the next 20 years, requiring around 54m sq ft of new development and some 54,840 new dwellings. Big jumps in transport capacity are needed to serve finance and business centres and key retail and service locations.

2 Better integration of travel networks

Reducing and smoothing bottlenecks can only be applauded.

3 Support for areas outside London

Higher capacity, faster links and less congestion will help spread benefits and relieve pressure on the central area.

4 Jobs

Reduced costs, support for growth, improving brownfield sites, boosting regeneration priority areas and building the system, will enhance job opportunities.

5 Support for subsidiary towns

Improvement will strengthen inner hubs like Brixton, and peripheral areas like Watford and Croydon.

6 Improved national rail connections

Victorian nimbyism made trains stop at Kings Cross, Liverpool Street, Victoria, and Paddington. 150 years on, the error still needs rectifying.

7 Environment

By promoting a major shift from car to rail, Crossrail will make a big contribution to energy saving and emission reduction.

8 Support for East London and Thames Gateway

Areas of urban deprivation will benefit from improved connections with London's economic heart and new links north and south.

9 Improved international connections

Better links from Central London, the City and Docklands to Heathrow; services to Gatwick and Luton via a new Farringdon Interchange; a Stansted Interchange at Stratford; and Channel Tunnel Rail Links at Stratford and possibly also Ebbsfleet.

10 Tackling social exclusion

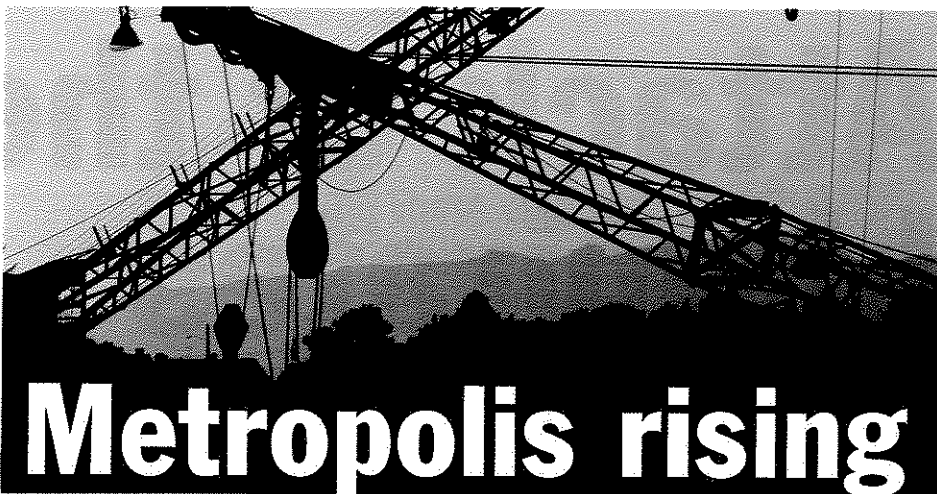
Access to jobs and services could be enhanced by schemes like a Whitechapel link to an extended East London line. The same applies to other Development Strategy and Opportunity Areas like Park Royal.

11 Accessibility

All the new stations, and a lot of remodelled ones, will incorporate full access for the disabled and "mobility impaired".

12 The unseen benefit – rising land value

Under the present fiscal regime public investment in infrastructure benefits private property owners – the value of whose land rises as a result of the increasing benefits provided to it by the surrounding city.



Crossrail might revive London but, says Paul Brandon, how it's paid for will mean the difference between taxing the poor to make a few millionaires or wiping out poverty in the capital

FUNDING LONDON'S CROSSRAIL is such a key issue both the capital's Chamber of Commerce and some property developers have felt the need either to discuss or research various options.

Bob Kiley, London's transport commissioner, favours Tax Incremental Financing (TIF). After the land price boom following the Jubilee Line extension he considers the "land levy" as the "ideal way to go". TIF also features in Mayor Ken Livingstone's ambitious London Plan and last summer received the backing of Lord Rogers. So what is TIF's attraction?

In the 1960s and 1970s, US federal and state governments cut back economic development schemes. In the 1980s and 1990s, TIF increasingly helped cities revitalise communities. Now at least 1,000 schemes are underway across the US.

The Wisconsin Department of Commerce describes TIF as a tool that "can help a municipality undertake a public project to stimulate beneficial development or redevelopment that would not otherwise occur".

In the US TIF is based on two principles: new development expands a municipality's tax base, increasing revenues; and, if the municipality provides public improvements to attract development, the overlying tax districts that benefit from the increase in the community's tax base should share the cost of improvements.

But would TIF work in London? Crossrail will undoubtedly bring a land price boom, but not just along the Crossrail route. TIF applies to a designated area and would only tap into some land value

increases and not reflect other developments. London and the UK also have a different property tax system to the US with little or no local power to raise funds. Philadelphia's Center for the Study of Economics admits TIF "has its advantages, but they are narrower and more focused than the overall community enhancements of land value taxation".

Philadelphia, where the City Controller's office considers TIF as a holistic fiscal tool for urban regeneration and municipal funding, did not see the promised increase in jobs or economic development following one TIF project. Responsibility for failure and paying back municipal bonds raised with the TIF rests with the public authorities and ultimately the taxing jurisdictions – one of the reasons why the Center advises London to "think twice about TIF".

Also, TIF requires primary legislation. London's Mayor might be better advised to direct his energies towards the UK Government, arguing for a new and creative tax mechanism for London – not dependent on the taxes of the poorest, but substantially relieving the burden on work and enterprise. Shifting tax to community-created land values and land rent revenues would tackle land monopoly, and give Londoners a community chest.

A battle is now on to ensure that all the people of London – and beyond – benefit from Crossrail, not just the lucky few. Unless the correct formula is worked out those with land in key areas are set to reap massive windfalls. Millionaires will be made – for doing nothing!



Attack of the bio-pirates

India's neem tree offers a striking example of biopiracy in action and highlights how marauding multinational corporations seek to plunder the knowledge of the global South. Here **Jon Mendel** argues there are many echoes of colonial brutality in today's economic empire building

NEW WAVES OF colonialism are being created and legitimised through the instruments of globalisation and international law. The World Trade Organisation's agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) is one of the weapons of choice for conquering territories.

As the writer and activist Vandana Shiva observes in *Protect or Plunder*, "Terra Nullus [nobody's land] has its contemporary equivalent in 'Bio-Nullus' [nobody's life]".

Having been forced to recognise the land belonging to indigenous peoples is not void – it is not nobody's land – albeit after most of it has been appropriated, the global North is now seeking to claim intellectual property rights (IPRs) over the knowledge of the South.

For Shiva, "colonisation today is based on wars over intellectual territory". This neo-colonialism is driven more by powerful multinational corporations than by the mercantile policies of states. Nowadays, as Kevin Watkins of Oxfam observes, rich states are using their control over the International Monetary Fund and World Bank loan conditions to "frogmarch poor countries" towards greater 'liberalisation'.

'Biopiracy' is a central concept in the critique of this neo-colonialism. As noted in *Land&Liberty* (Summer 2002), Shiva defines biopiracy as "the use of intellectual property systems to legitimise the exclusive ownership and control over biological resources and biological products and processes that have been used over centuries in non-industrialised cultures."

IPRs are being used to legitimise the appropriation of common and community resources.

As Shiva argues, letters of patent were originally granted to individuals and corporations so they could exploit a particular territory – playing an important role in colonialism. In *Captive State*, George Monbiot uses the history of the East India Company to demonstrate the power that legal constructions like patents and incorporation allowed companies to wield.

As part of its colonial project Britain once attempted to address its trade deficit through forcing exports of opium on China. This was a powerful tactic: expand exports through selling something consumers will want more of, but which has little value in itself. The Opium Wars (1840-42 and 1856) were essentially fought to open the Chinese market to those products.

The illegal drugs trade no longer offers Northern nations a means of addressing their trade deficits. However, as Shiva notes, those trade deficits (and especially those of the United States) could be substantially reduced if US-style trade law was globalised. IPRs – bits of paper with virtually zero intrinsic value – are used as opium was to give poor nations something they will buy; something that, in the case of medicines and seeds, they must buy in order to survive. Using IPRs, corporations can steal the knowledge of a people and then sell it back to them.

India's neem tree offers an example of this biopiracy in action. The tree has widely recognised medicinal and agricultural properties – used to treat a huge variety of illnesses and ailments for centuries. The neem's curative powers have long been respected in India's culture and traditions, which seek to sustain the knowledge of its importance and use for future generations. By selling medicines developed from patents

of neem back to the Indian people, the companies involved are charging them for the use of their own knowledge.

Neem trees are obviously not a human invention, but are natural and community resources. Their genetic code evolved with minimal human intervention, and certainly without human design. Neem trees are still present in India, thanks in part to cultural norms encouraging the growth and protection of these trees. Had the Indian people not unlocked the value of neem, there would be nothing worth patenting; and as the Neem Foundation notes, "there is now a global trend towards the use of alternative, ecologically beneficial agricultural and health agents".

Liberals have often sought to justify the abuse of non-Western others. Even John Stuart Mill, despite his fabulously stringent defence of the rights of those living in 'civilised societies', believed that 'rude peoples' should sometimes be enslaved. Similarly, modern neo-liberals seek to justify the abuse of the rights of non-Western 'others' through the appropriation of resources such as neem.

Corporations now working in the former colonies are allowed, as they were in the past, to get away with much more than they could in the developed world. ActionAid's attempt to patent the use of salt on chips in the UK was greeted with considerable amusement. However, RiceTec's attempts to patent certain 'Basmati-style' strains of rice as novel inventions were, amazingly, taken seriously – and they still hold three US patents on rice with these 'Basmati-like'



Those who seek to patent neem are appropriating the exclusive benefits from using common property without paying for it

**What's in a neem:
a lot worth raiding
and patenting it
seems**

properties. Though the international Neem Patent Challenge has successfully argued for patents on the neem's fungicidal and pesticidal properties to be revoked, at the time of writing there are still more than 80 patents on other properties of the tree.

Looking at this through the ideas of international relations expert Dr Jenny Edkins in her essay *Poststructuralism and International Relations*, one can see postcolonial politics working to determine what is 'decisionable' and therefore a fit topic for legal argument (such as the patenting of resources like Basmati rice or neem), and what is considered 'undecisionable' and obviously absurd (such as ActionAid's attempts to patent the Western custom of eating salted chips). It is only attempts to appropriate the poor countries' communal resources such as neem that are considered to be decisionable.

The patenting of the natural resources of the global South is not an abstract problem of justice – it ensures that these poor countries cannot profit fully from the tremendous value of natural and community resources like neem. The North's appropriation of the rights to the exclusive use of these resources will help maintain the iniquitous power-relations inherent in the international economy, and in instruments of the global trade regime such as the TRIPS agreement, thus keeping heavily indebted countries down.

As the feminist thinker Elizabeth Grosz argued in *Nietzsche and the Stomach for Knowledge*, contracts are ultimately founded, and debts ultimately secured, upon bodily collateral. The North seeks to access this collateral in order to claim payment of the (often unpayable) debts of heavily indebted developing states. Such states need to earn international currency to repay their debts, which they do in many different ways.

With this in mind, the Thai government has tried to legitimise the sex trade. For example, in the 1966 Entertainments Act they sought to regulate brothels, serving to encourage sex-tourism as a source of foreign exchange. The sex-work undertaken in Thailand is often extreme. The development theorist Sinith Sittirak describes one woman whose act involves inserting razor blades into her vagina. Such acts will mark the bodies of those conducting them. In Michel Foucaultian terms, the 'crime' of an unpayable debt, a debt enforced and maintained using IPRs, is marked onto the bodies of the most vulnerable persons in a community. Bodily collateral is accessed. Discipline is maintained. The results of the theft of the natural resources of the South through IPRs can now be seen cut onto and into bodies. Sometimes with razor blades.

We are now seeing a peculiar double-move where, on the one hand, indigenous knowledge is recognised as being sufficiently valuable to be worth plundering and, on the other hand, in order for corporations to plunder this knowledge 'efficiently' they must present it as null. The worth of this knowledge must be denied in order to legitimate the appropriation of its value.

In Derrida's terms, what allows biopiracy is therefore what must be denied during its

legitimation. Neem should not be patented – no individual or organisation created or unlocked its entire value. Those who seek to patent it are appropriating the exclusive benefits from using common property without paying for the privilege: this is biopiracy.

The liberal 'individual' whose rights to IPRs are defended is in fact a Western construction of the individual. It is possible to construct liberal 'rights' for this individual only through the abuse of non-Western 'others'.

As the feminist activist and writer Catherine MacKinnon has argued, liberals see the abuse of certain individuals as a right of this complete liberal individual. We must reject the 'free' trade that neo-liberals defend, and ask how a fair system of IPRs can be achieved.

One could give communities who have unlocked the value of resources such as neem full ownership of the IPRs on these resources. However, this shows insufficient respect to the generations who worked within a paradigm of common ownership to unlock the value of neem. Though it would grant them equality with patenting corporations, this equality is, to echo philosopher Keith Ansell-Pearson's reading of Nietzsche, merely equality under the law of the colonisers. A genuinely equitable solution to the ownership of natural resources such as neem must not simply impose 'alien' ideas of equality.

One option is to insist on the strict common ownership of natural resources. This in turn creates an issue of how innovation can be encouraged in the uses of these resources. For example, someone might find a truly novel way of processing ►

neem leaves, with a novel use for the product.

The person or company developing this should then have the right to claim certain benefits from it, after they acknowledged the role of communities in unlocking neem's value. As Shiva observes, "the challenge is to strike a balance – enough protection to encourage innovation, but not so much that the social good is not served". Strict common ownership would not provide sufficient protection for individual innovation.

There are many complex issues involved in the patenting of biological resources. We must keep our account of the neem debate well-grounded in history in order to see how TRIPs and IPRs are being used in new waves of colonisation, and keep our theorising grounded in reality, or the superficial appeal of IPRs will blind us to the many persons whose rights are being

abused.

With private and unlicensed common ownership of natural and community resources both inadequate solutions, we need an alternative that combines the advantages of both. Resource rentals fulfil this requirement. The states and communities that have unlocked the value of natural resources have a right to charge rent to those who use those resources. The users of those resources should pay for the value they take from states and communities. This would keep these resources in a state close to common ownership and show due respect to alternative methods of property ownership: while those wishing to use natural resources would only need to pay the

rental for the resources themselves, and would therefore be free to profit from any innovations. As well as being justifiable in abstract, ethical terms, this is also a pragmatic solution to the neem debate: it would help to generate income for poor countries and redress the balance of world trade.

Soon the international order must change. We must hasten the collapse of those aspects of international law that maintain IPRs and contribute to the chronic indebtedness of the world's most impoverished countries. We must ensure that their replacements are truly equitable, so trade can become genuinely free and fair – maintaining the freedom of all involved, not just of the colonisers. **L&L**



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How to untie the knot

Breaking the multinationals' stranglehold on natural resources is vital if everyone is to benefit, but Toby Lloyd believes what is really needed are appropriate ownership and access regimes

THE CASE OF neem – and intellectual property rights – is part of a long-running debate over different types of property regime. Too often, this debate has been presented as a straight choice between private and shared property.

In 1968 academic and author Garrett Hardin described 'the tragedy of the commons' like this: if everyone has a right to graze cattle on a village common it will inevitably suffer over-grazing, because it is in each individual's interest to extract as much as possible from it, knowing the effects of overuse will be shared by everyone.

This argument has since been deployed to demonstrate private property's merits and to justify the privatisation of socially held assets. With diminishing resources left under social ownership, attention has shifted to various 'unowned' resources. The atmosphere, oceans and genome are commons – assets in which we all have a notional shared ownership – and, therefore, we are told, are susceptible to Hardin's 'tragedy'. The only solution, according to the new market

fundamentalism, is to enclose the commons, creating private assets and incentives for owners to preserve them. In this way, it is argued, the 'tragedy' will be averted.

The neem tree's case is instructive. To market fundamentalists, the knowledge of neem's uses is a common that should be privatised, allowing most efficient use. The flaw in the argument, as Monbiot (*L&L Summer 2002*) points out is that it fails to differentiate between open-access and what are often called common property systems. Hardin's hypothetical grazing land was an open-access system: no rules govern by whom or how much it is used. In reality, most pastures are types of shared property, owned by members of a limited group with the right to exclude non-members from using it. No fences doesn't mean no owners or no rules. Complex shared property systems have evolved everywhere, governing the use of water, grazing lands, fish stocks and knowledge. Open access, common, limited shared and private property are different types of property regime – rules that govern



Neem: a search for commons without tragedy

rights of access, use, exchange and so on, and their corresponding obligations.

There are many different types of property regime and some are more suitable in certain circumstances. Open-access regimes are best for say public health information. National parks are a recognition of common property in national heritage. Shoes are best owned by individuals. More complex resources may need more sophisticated ownership regimes.

Perhaps in neem's case common ownership combined with resource rental is best. Or perhaps a true open-access system nobody could privatise would ensure its benefits were spread as widely as possible. Yet efficient and extensive exploitation, whether privately or in common, is not the fundamental criterion. The regime must ensure the re-creation of the resource. For the products of labour, private property rewards creation. For fish in the ocean, or rain forests, that which sustains their re-creation, brings abundance. We have to recognise common ownership as both real and valid, and resist the efforts of the biopirates. **L&L**

Free the design spirit

The cost of land and tight Government control stop us from determining what's built around us. It's high time this came to an end, says Don Riley



Kaleidoscope: instead of restricting modern imagination to museums, 'Brit Art' creativity could cover the land

WHEN I ARRIVED in London from New Zealand 40 years ago Britain was still recovering from the Second World War. There was a huge amount of low priced property to buy, to rent and to improve.

My experience with renovating residential and commercial property since then has proved to me that rationing still applies when it comes to property! All property, including commercial, but especially residential property, is wretchedly expensive and in many places and types in short supply. The UK is some hundreds of billions of pounds away from a balanced free market supply of housing.

The real problem in achieving a market where demand for affordable housing and property is fed, is the cost of land, which can be up to 80 per cent of a property's value. It is absurd that economists and building societies do not unbundle land costs when analysing affordability and house prices. The pressure on the supply of land for building development is itself bound up with the planning process, which has a fierce control over how land is used.

A new book published by the Institute of Economic Affairs lifts the lid on the catastrophe of the Whitehall and local government grip on the use of our land. In *Liberating the Land*, Dr Mark Pennington

argues that the key to communities reinventing their dynamism and destiny lies in regaining their rights over land use. The Town and Country Planning Act of 1947 nationalised development rights, and the old Ministry of Agriculture took away most farming land-use decisions during the 1980s and 1990s.

'Market failure' arguments are used to support land-use planning. However, in his radical attack on the present regime, Pennington sees these arguments as misguided. Planners, even if altruistic, could never gather and interpret the sufficient information necessary to run an efficient land-use planning system. In practice, planners also have their own interests and are subject to pressure from special interest groups.

Fundamental change is required to tackle an over-centralised system, with too little experimentation and property information, and inappropriate incentive structures. Private covenants, deed restrictions and the establishment of proprietary communities are the way forward.

If local communities held the development rights for the land around them individual property owners would be able to share these rights through a local recreation and amenity company. The boundary of the

company would be as restricted or extended as the common interests of its members. Within cities, for example, some adjacent streets might have enough members to share an interest in a housing development. In a rural area a parish boundary could be more appropriate. Then, instead of awful schemes submitted by nationwide developers and approved by sycophantic local councils or daft Whitehall schemes such as prefabs on publicly-owned land, as suggested by Lord Falconer, we could have a kaleidoscope of schemes, proposed by locals who wanted what they liked, where they liked.

Such a reform would be like the Tate Modern being emptied of its pretensions, and then all its modernity, imagination and riotous colour let loose on the countryside. While some areas may still elect for traditional housing, at least instead of poverty there would be real choice. Instead of shape and colour considered so outrageous it's labelled "Brit Art", and walled up in the former Bankside Power Station, we would have the inspiration of this energy released into countless local visions of contemporary buildings.

And all this would happen without Whitehall and its mandarins laundering their masters' favourite schemes for political, rather than sound economic reasons. **LEL**

Illustration: Lucy Glover

Books

The world is not an immovable object

The Tipping Point – How little things can make a big difference
by Malcolm Gladwell

Abacus, London, 2001
£7.99

MOVEMENTS FOR REFORM seldom achieve their aims at the rate or to the degree looked for by their supporters. Yet, at the same time, some ideas, fashions and behaviours take hold and spread like epidemics.

Malcolm Gladwell's book provides a unique understanding of how the world changes. Those who would change the world should read it to gain intelligence about, and insight into, how they might better go about their business.

The author says that, in the context of reform, the term epidemic is more than just a figure of speech. Ideas can act just like viruses that lead to epidemics, he argues. So if we understand how natural epidemics come about – how they start, how they spread and how they take effect – then it may be easier to understand how to make our ideas fill the world.

The author observes that the spread of epidemics is never linear and gradual. Epidemics, whether natural or social, take hold suddenly. There is "one dramatic moment in an epidemic when everything can change all at once" – The Tipping Point.

However, Gladwell asks us to acknowledge that at heart we are all gradualists. "Our expectations," he says, "are set by the steady passage of time." But life is not really like that, he argues. "The world of the Tipping Point is a place where the unexpected becomes expected, where radical change is more than possibility. It is, contrary to all our expectations, a certainty."

The book shows us why "some ideas, behaviours or products start epidemics and others don't". But its practical purpose is to help those in the field to recognise what might be a Tipping Point, and determine just what might be the means of tipping it. These are, he says, the reformer's two keys to success.

The book is packed with interesting and humorous stories and case studies to back the author's thesis – he looks at the children's TV programme *Sesame Street* as an educational virus, the rise and fall of crime in New York, how Hush Puppies became an alternative fashion, Micronesian

youth suicide, and the search for an effective solution to the consequences of teenage smoking.

The author argues that for the reformer to be successful it is essential "to appreciate the power of epidemics", and therefore necessary "to abandon [the] expectation of proportionality". On that point he asks the reader to imagine how far a piece of paper would reach if it were folded 50 times? He asks the reader is the answer as high as a phone book, or perhaps as high as a refrigerator? The answer, actually, is – as far as the sun! Proportionality, Gladwell shows us, is an illusion and "we need to prepare ourselves for the possibility that sometimes big changes follow from small events, and that sometimes these changes can happen very quickly".

The author tells us that while "we all want to believe that the key to making an impact on someone lies with the inherent quality of the ideas we present", this is not the case and is not borne out by the evidence. There is, he argues, "a simple way to package information that, under the right circumstances, can make it irresistible. All you have to do is find it," reminding us that "human communication has its own set of very unusual and counterintuitive rules".

"In the end," Gladwell says "Tipping Points are a reaffirmation of the potential for change and the power of intelligent action. Look at the world around you. It may seem like an immovable, implacable place. It is not. With the slightest push – in just the right place – it can be tipped."

Peter Gibb

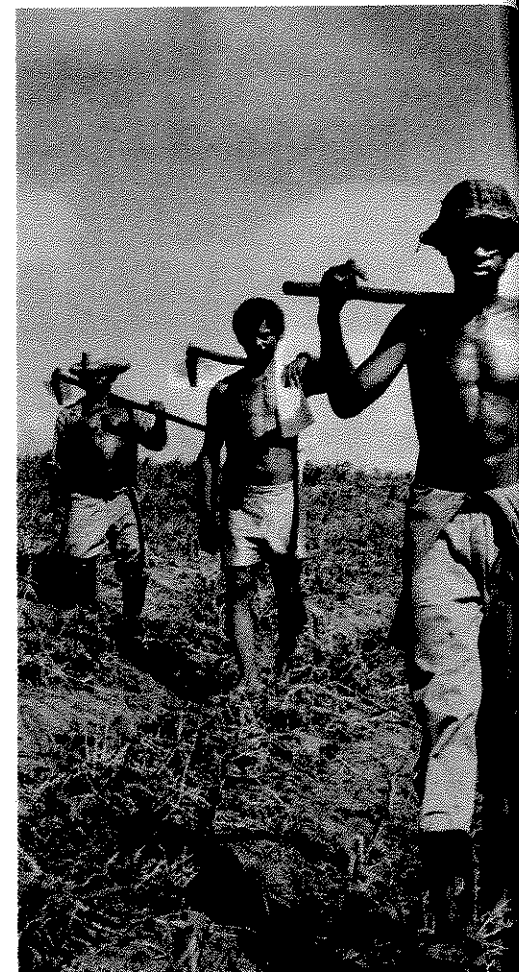
To catch a quiet thief

Silent Theft
by David Bollier

Routledge Inc, 2002,
£14.55

JOURNALIST AND GREEN campaigner George Monbiot has spoken (L&L Summer 2002) of the need to revive thinking about the commons – those resources (anything from radio waves to coal) which nobody has manufactured themselves. He wanted to distinguish situations where access to these resources is open to all, from systems of private, joint or common ownership.


Confusion on the matter has enabled what David Bollier calls a "silent theft". By declaring common resources to be un-owned, private companies have claimed



exclusive access to public lands and resources. Under the US Mining Act of 1872, for example, mining companies can buy federal land for only \$2.50 to \$5 an acre, and make enormous royalty-free profits. Under the Act, the US Government has given away more than \$245 billion of mineral reserves.

This is permitted, says Bollier, for two reasons. Firstly, American culture is so heavily predicated on individual ownership that it fails to "see the commons" and value them accordingly. Secondly, the corporate interests doing so well out of this arrangement are powerfully mobilised to block attempts to end the scandal. Mining interests donated \$40m to US politicians between 1993 and 1998, ensuring their right to plunder remains intact.

Silent Theft addresses both of these factors head-on. The book is an impassioned and stimulating call to re-examine our common assets, and a searing indictment of the greed driving contemporary enclosure. While focusing on the US, this lucid book is an important contribution to the wider revival



Photographer Sebastião Salgado has long documented the condition of the world's workers and peasants, refugees and children. In his latest collection **Migrations: Humanity in Transition** (£65) he examines mass migrations, and people's changing relationship with the lands they've lived and worked on for generations. His images tell a powerful story of dispossession: fewer people are left in rural areas as millions have migrated to cities. Those left are often fighting for survival with little or no land to farm, with strong political and economic forces allied against them. Salgado writes, "I visited many cities and countries for the first time. When I returned to places I had previously known, however, it was painful to discover that things were generally worse." This book is one of many offering photographic studies of our times: another is *Century* – see our book offers p23 for information.

It takes complex land tenure systems to disinherit the people and bury them under debt. It takes the simplest tools and the simplest labour to make the land harvest. Policies to share the earth are coming.

of interest in the notion of the commons.

It begins with an excellent philosophical introduction to the concepts of the commons, the gift economy, and enclosure. Bollier eloquently discusses a broad range of academic material and offers an excellent introduction to the work of Karl Polanyi, Marcel Mauss, Georg Simmel, Charles Lindblom and others.

But Bollier does more than simply restate the arguments of great theorists. He updates them with some fascinating chapters on the enclosure of "frontier commons". Those include common resources like the supply of fresh water and the world's genetic heritage, to the move to use open source software (like the Linux operating system that is free to use and develop and is purposely available to all on the internet).

Silent Theft offers a strong discussion of the "gift economy" where the exchange of goods and services on the basis of good-will and community spirit is considered a parallel economy. Bollier finds evidence these economies are still evolving and thriving in

the most unlikely places, like London and New York's community gardens.

This should remind us that gift economies are not primitive but highly sophisticated networks of human interaction. Bollier's paradigm case is the scientific academy. Without the norms of transparency, peer review and reciprocity, scientists would have no incentive to share their research, or refrain from faking their results. The enclosure of the academic commons is not only a threat to public interest, but to scientific progress itself.

Presenting a damning account of the theft of common resources, Bollier lays the blame squarely at the feet of rapacious corporations and the governments that have either allowed or colluded in the privatisation of the commons for short-term gain.

Combining theoretical depth and journalistic rigour, *Silent Theft* is a powerful answer to the conceptual and political blinkers that blind us to the value of the commons.

Toby Lloyd

Inside a complex mind

Property, Welfare and Freedom in the Thought of Thomas Paine
Edited by Karen M Ford

Mellen Critical Editions and Translations
Volume 7.

The Edwin Mellen Press. New York, Canada, UK.

£84.95

THIS PRICEY BOOK was written for scholars and researchers, but if you're interested in the man, political thought and history, and can afford it, then enjoy the read.

It's not another biography although some pertinent background detail is included. It is, however, a fascinating read about the thoughts of one of England's most notorious sons, who shook the political foundations of his time and continues to inspire.

The authors' objective is to reconcile the apparent contradictions in Paine's thought, ▶

Lastword



In the hands of the few

EVERY COMMUNITY, FROM the lowliest farmstead to the greatest nation, is established on some resource which it can claim as its own. This relationship is layered from the world community down to the family and the smallest social groups. The community's wealth comes from this, and its wealth over what is needed for basic subsistence provides the means for culture and civilisation.

As a community develops it enriches itself and the environment into which the next generation is born. Community generates its own means.

But when an 'outside' agency takes part of the community's supporting surplus, it changes the community's relationships at large. Community comes to rely on that agency – whether a private landlord or colonial power. It becomes indebted and loses the ability to imagine itself without this crutch.

The relationship between the people individually and as a whole with the place they call home, is the nub. In this can be found a clue to many problems. The history of the modern world is the history of the natural symbiosis between individual, community and environment being overturned – whether it's the destroying of rain forests, the market corruption of US steel protectionism, or the British colonist taking ancestral lands.

In all these instances a critical extractive event has occurred. Sometimes the event is a one-off. In others it's on-going process. The Europeans only needed to come once for the lands of the American First Nations, whereas at home the landlord comes regularly for his tribute. Something which is the community's to rely on is taken and kept by someone else.

The resulting imbalance is a relationship of indebtedness. The cure is in the reclamation of resources, and applying them to the community that creates them.

Such indebtedness sees one person or company or institution imposing a flawed and unjust social and economic system. When this is accepted as normal, public life becomes privatised. Community becomes the 'property' of corporations and a new financing class – with the rest of us expected to be grateful for their assistance. "You'd like a new school? Well let us see what we can do, and if you just sign there on the dotted line..." The theft is loaned back to the victim with interest.

The question is how can the different groups of humanity develop the social infrastructure they want while minimising debt? How might the resource base of any human community be properly identified, managed, safeguarded and applied properly? How can the community chest enrich the community?

Democratic communities must identify and claim their resources, and apply the value of them to create development. Community should be funded from wealth derived from its common resources. In practical terms the annual rent of land captures the price of that wealth and should be shared and used democratically.

Individuals and communities are born indebted to no-one. That they become so is due to the faults of our human social systems, not forgetting the cruelty of us all in accepting and continuing with those systems. In nature there is no debt.

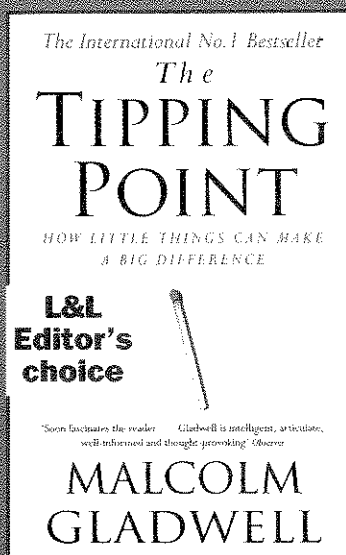
Will we free ourselves from the private landlords, mortgage lenders, loan sharks, IMF and credit card companies? Or will we forever be held by those able to extract the wealth of life and incarcerate the majority within an impoverished existence? It is they who hold the world's wealth in their hands and place a world of debt on all our heads.

Development can and must come without debt.

Peter Gibb

NEXT ISSUE:

Terrorism – do we create those willing to kill for their cause?



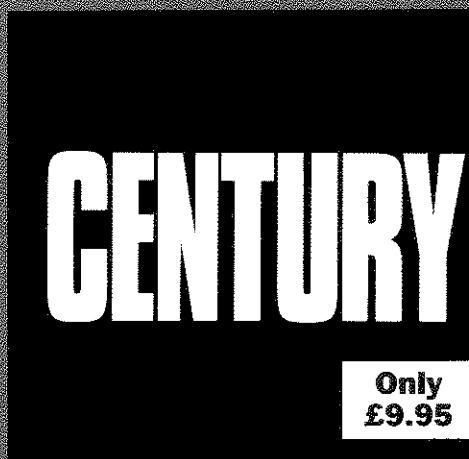
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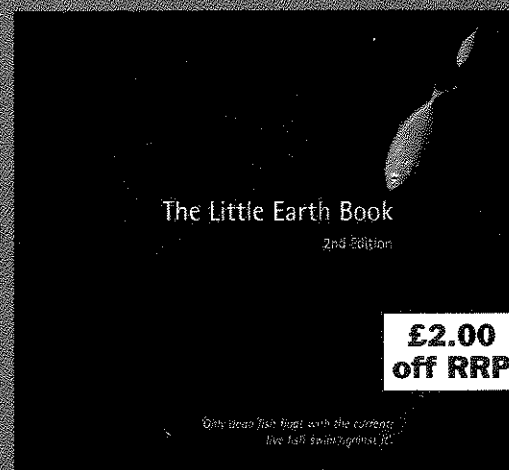
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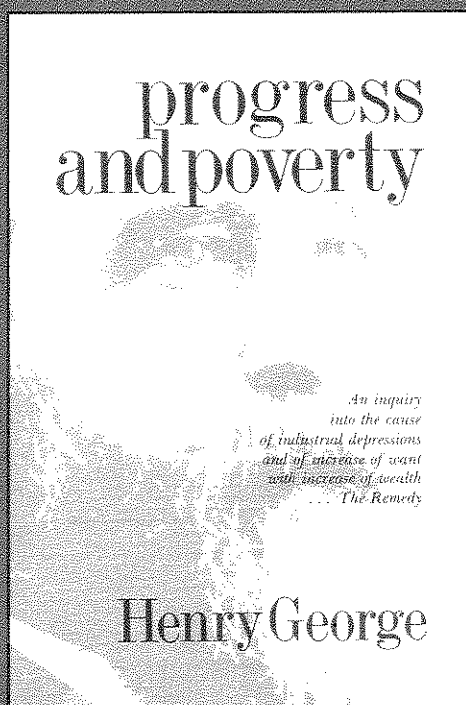
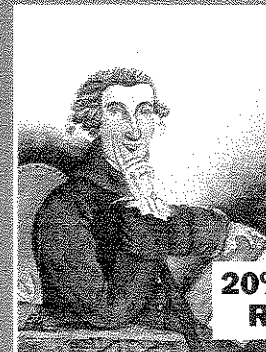
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