

Thesis #8

The dispute over whether humans are responsible for raising global temperatures is a dangerous distraction. The fatal damage inflicted on the habitats of all species cannot be contested. The financial reforms that would terminate that abusive behaviour would also discipline the activities that generate toxic gases. But holistic reform depends on people's willingness to recognise obligations to others as well as to nature. The stakes are high: current rates of income mal-distribution and resource depletion are underminina civilisation.

Just Prices & the Riches of Nature

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HUGE amounts of time and energy are devoted to the row over whether humans are guilty of raising temperatures on Earth. The dispute has spawned conspiracy theories galore, and some advocates of the “scientific consensus” have been willing to torture the evidence to prove they are correct. *Ultimately, it makes no difference which side is correct, if both sides are sincere in wanting to enhance the quality of life of humans and the other species with which we co-exist on the planet.*

The starting point for a debate that leads to effective consensus is the issue of whether humans have abused the planet. The evidence is beyond dispute: no matter where you look, the wreckage is there to be seen: from urban sprawl to decimation of rainforests, acidification of the oceans to the pollution of the air we breathe, all avoidable. That is why London lawyer Polly Higgins wants to hold corporate executives legally responsible for what she calls ecocide: the 5th crime against peace (Higgins 2010).

But both sides of the global warming contest are failing to focus on the fiscal philosophy that forensically identifies the strategies that would terminate the dumping of waste and the despoiling of nature on a scale that endangers all life-forms. Why? Who profits? A new appraisal has to start with the shocking realisation that the people who benefit from current

property rights and income distribution have hijacked the green agenda. Wind farms are constructed not so much to produce clean energy as to reward the owners on whose land the mills are erected. The rush continues for the subsidies extracted from taxpayers. The costs are endured by people whose earned incomes are taxed. And now, after decades of international conferences, we learn that the target for the reduction of greenhouse gas emissions will not be met by the end of this century (Crooks 2014).

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The dispute over whether humans are responsible for raising global temperatures is a dangerous distraction. The fatal damage inflicted on the habitats of all species cannot be contested. The financial reforms that would terminate that abusive behaviour would also discipline the activities that generate toxic gases. But holistic reform depends on people’s willingness to recognise obligations to others as well as to nature. The stakes are high: current rates of income mal-distribution and resource depletion are undermining civilisation.

Germany is a prime case of good intentions being turned to the advantage of people who profit from the culture of rent-seeking. That country designed its energy revolution to reduce CO₂ emissions. Land owners were paid subsidies (the rental value of wind) to site mills on their properties. In 2013, carbon emissions were increased by 1.8% (Waterfield 2014).

Energy policy is in chaos; few people are satisfied, and the prospect of reaching an effective consensus recedes as the global economy continues to play havoc with people’s lives. Where do we go from here?

Barriers to Realism

Realistic policies need to be framed within a market context (*to which the Left objects*) by obliging those who use the resources of nature to pay the full price (rent) into the public purse (*to which the*

Right objects). Examining the issues within the current philosophical paradigm will continue to lead policy-makers down *cul-de-sacs*. Meanwhile, the emission of CO₂ continues unabated, except when temporarily reduced because land speculation causes economies to implode, causing unemployment and cutting the demand for energy.

Carbon taxes, and the market in permits, illustrate the failure of policy when framed within the current economic paradigm. The OECD claims that these are the cheapest ways to reduce CO₂. And yet, the Paris-based think-tank's secretary-general, Angel Gurría, declared when their *Effective Carbon Prices* report was published in November 2013:

There has been a huge amount of taxing and regulating around carbon, with prices established too high or too low, and the outcome has been far from optimal. This is a chaotic landscape that sends no clear signal, and must be addressed.

This outcome was inevitable, because taxes are framed in ways that preclude the effective pricing mechanism being applied. The value of nature's services and resources are measured as *economic rent*. If governments had levied rents – which are *not* taxes - for the use of those resources, the world would not have endured 200 years of systematic abuse of natural habitats. But rent pricing was not applied because the law-makers were the land-owners.

From Day 1 of the Industrial Revolution in Britain, technology was shaped to maximise landlord interests. Engineer-inventors settled for “dirty” technologies (spewing waste into the atmosphere and damaging people's health) because there was no financial incentive to invent clean technologies. Users of fossil fuels were

not required to pay rent for the right to emit toxic waste into the atmosphere, where nature would absorb it. Why were they not charged? *Because that would have left them with less net income to hand over as rent to the owners of the coal seams – the policy-makers in Parliament.* There was no reason for the early inventors to develop clean technologies when cheaper versions of the steam engine yielded higher rents for the aristocratic landowners. Today, governments are failing because their efforts are confined within that rent-seeking paradigm.

Winston Churchill understood the wrecking dynamics of rent seeking. During his early career as a Liberal Member of Parliament, he declared in a speech in Edinburgh:

A portion, in some cases the whole, of every benefit which is laboriously acquired by the community is represented in the land value. If the opening of a new railway or a new tramway, or the institution of an improved service of workmen's trams, or a lowering of fares, or a new invention, or any other public convenience affords a benefit to the workers in any particular district, it becomes easier for them to live, and therefore the landlord and the ground landlord, one on top of the other, are able to charge them more for the privilege of living there.

Blaming Technology

Technology is one of the scapegoats of the eco-crisis. Because of the dangers of identifying root-causes, soft targets are selected. Some social commentators blame technology *per se*. They treat the loss of green space (for example) as a “mistake”, attributed to ignorance about human values. In reality, these are logical effects of prices that favour people who are enriched by practices that prejudice the lives of people and their habitats.

Through colonisation, this abusive model was transplanted by Europeans to the other continents. They took with them the technologies that might have been suitable for the lowlands of Scotland or Andalusia, but were inappropriate for the tropical soils of Africa or South America. But it was the quest for the rents of those lands, extracted through abusive forms of land tenure, which drove the changes to indigenous cultures and ecologies.

The Hispanic hacienda in South America was one outcome. Extensive cultivation meant that the woman's hoe was replaced by the man's plough. Technology was selected to favour cash crops that maximised rents. The needs of local household economies were of no concern to the new masters of the conquered territories. The collateral damage: disruption of interpersonal relationships (men, as well as women, were denied access to the means of subsistence), impoverishment of traditional ways of living, and the wrecking of natural habitats.

The fate of nations now hangs on our willingness to recreate the symbiotic relationship between nature and society.

The Food Crisis

World population will grow to 10 billion people within this century, according to some estimates. Food prices will rocket as supply falls short of demand, squeezing the life out of many people. The chemicalisation of farming is degrading top-soils and the productivity of nature. Arid land needs to be irrigated, to nourish the soil. Worldwide, vast sums must be invested in dams and canals.

Correctly funded, investment in such infrastructure need not be at anyone's expense. The Nile's first Aswan Dam, for example (four miles downstream from the

Aswan High Dam), was built in 1913 to irrigate 450,000 acres. The capital cost was £4.2m, funded by an increase in the land tax of 10s/acre. Revenue amounted to nearly £1.25m per annum. The dam paid for itself in five years. Thereafter, the net gains would be a bonus for all the communities within the catchment area of the dam – if the rents were correctly collected and reinvested to expand the welfare of people and their cultures. That insight was well understood by the US Federal government during the depression years of the 1930s.

When the Roosevelt Administration mooted the construction of the Grand Coulee Dam, to irrigate 1.2m acres in the western state of Washington, an Anti-speculation Act was enacted in 1937. Settlers would not be allowed to speculate in land whose value would be enhanced by irrigation. The Act required owners who benefited from the irrigation network to sell holdings at appraised prices that excluded the benefits arising from the dam. In backing the Senate bill, President Roosevelt wrote:

[...] it is unthinkable that real-estate profits should accrue to private individuals solely because of this great Government work. Therefore, in my judgment, construction of the high dam should be dependent on the elimination of private profit, speculative or otherwise, which would result from this proposed action by the Federal Government.

Roosevelt's social ideals were betrayed. The dam inflicted environmental damage, and destroyed the lifestyles of Indians who had lived off the salmon that was prevented from migrating upriver (Sprague 2011). The US government compensated the Colville Indians in the 1990s with a settlement of approximately \$53m, plus annual payments of about \$15m. The

Spokane tribe still seeks compensation. Meanwhile, America's fiscal system is failing to prevent land owners from pocketing the spin-off benefits created by public investment in projects like that dam.

Eco-cide is legalised and institutionalised. Corrective knowledge exists to guide policy, but it will not be coherently applied if language is not cleaned up. Policy failures arise when governments refuse to distinguish between an arbitrary tax and a price that is symmetrical to the benefit that is received. The difference is evident in private markets. When we visit a supermarket to select a basket of goods, we are not "taxed" by the lady at the check-out desk! So why talk about "taxing" people when they select for their private use a basket of nature's services at the locations where they choose to live or work? The linguistic issues were examined by UN-Habitat (Box 1).

Rent-seeking & the Lobbyists

Lobbyists are paid to ensure that democratic debate continues to be distracted by words that protect the rent-seekers. In Washington DC, the art of confusing politicians to extract privileges from them is funded by hundreds of millions of dollars. Nobel economist Joseph Stiglitz, when he worked there for both President Clinton and the World Bank, says that there were five lobbyists for every congressman who were pushing to preserve the privileges of the coal industry. Best-selling author John Grisham (2013: 31) summarised the process nicely in one of his novels:

A rich vein of uranium ore runs through central and southern Virginia. Because the mining of uranium is an environmental nightmare, the state passed a law forbidding it. Naturally, the landowners, leaseholders, and mining companies that

control the deposits have long wanted to start digging, and they spent millions lobbying lawmakers to lift the ban....In 2003, a Canadian company [...] filed lawsuit in the Southern District of Virginia attacking the ban as unconstitutional. It was a frontal assault with no holds barred, heavily financed, and led by some of the most expensive legal talent money could buy.

Box 1 When a "tax" is not a tax

"The concept of land value capture assumes that public actions result in private gains in property value, and that the public should reasonably be able to share in those gains as a way to finance public investments. The public finance literature also uses the term "benefit tax" in discussing land-based taxes and fees. To describe a tax as a benefit tax is to say that taxpayers pay amounts that are approximately proportional to the benefits they receive from government. Land and property owners receive benefits such as roads, police protection and fire protection from local governments and generally do not pay direct fees for these basic services. If a land-based tax or fee is charged to each household in amounts which are roughly proportional to the value of the benefits received by that household, then that tax or fee can be said to be a benefit tax and is considered the "tax price" for those public services. Thus, both of these concepts (value capture and benefits received) can be used to justify a given household's billed financial obligation."*

*UN-Habitat:

<http://www.gltm.net/index.php/land-tools/land-based-financing/why-land-based-financing>

Grisham's work of fiction realistically summarises how rent-seekers continue to distort legal and fiscal systems by bullying

elected politicians. Losers are not just other species. People are also victims of rent-seeking. One legacy of the skewed fiscal system is 16,000 acres of under-used and vacant land in the five boroughs that make up New York City, with 400 acres of vacant land in Manhattan where homelessness has reached scandalous proportions. By failing to oblige owners to defray the full costs of the public services they access at their properties, development sprawls into outlying green fields, and along a coastline that is increasingly vulnerable to hurricanes.

Protecting Property Rights

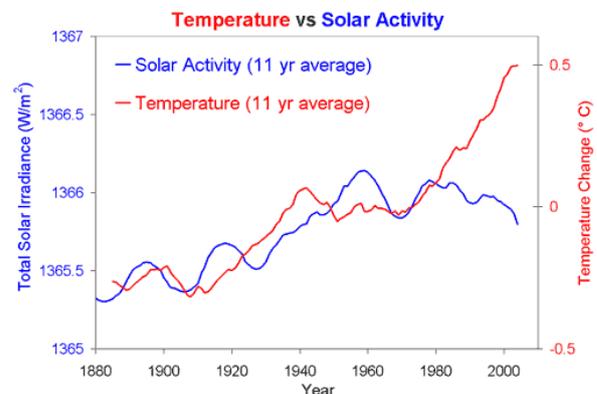
Politicians have appropriated the concept of *sustainability* from ecologists to control the debate. But academics must accept some of the blame for policy errors. This is illustrated by the notion of “tragedy of the commons”, coined by American ecologist Garrett Hardin. His article in the journal *Science* in 1968 went viral. The case against *common* rights to land was implied by the notion that the ancient commons (on which people grazed their cattle) were over-exploited. Without private property rights, there was no way to regulate the use of land. The Right used this narrative to propagate the privatisation of nature’s resources. An urban equivalent is Hernando de Soto’s claim (in *The Mystery of Capital*) that, to eradicate poverty, slum dwellers must be given ownership of the land occupied by their shacks.

Hardin’s concept was not an honest representation of how communities managed their commons. Traditionally, people did regulate the use of resources to sustain their household economies over inter-generational timescales. When this was pointed out to Hardin, he agreed that he ought to have qualified the title of his essay with the word “unmanaged” (Hardin 1991).

Since the publication of his correction, however, Hardin’s original use of the idea that the commons were betrayed by reckless users has continued to be exploited by right-wing ideologues. The beneficiaries are people and corporations that get rich by arbitraging the gap between the rents of nature’s resources, and the taxes charged by governments for their use. That gap is very wide, which is why the world continues to spawn more natural resource billionaires every year.

The Coming Little Ice Age

Scientists are monitoring changes in solar activity (graph) of the kind which, in the 17th century, resulted in a Little Ice Age. We cannot be sure that there will be a similar outcome this time, because humans have added some fundamental changes to our biosphere. One is the increase in atmospheric carbon dioxide, which is now 400 parts per million (ppm). It was 270 ppm before the Industrial Revolution



Sources: Global temperature (red: *NASA GISS*) and *Total solar irradiance* (blue: 1880 to 1978 from *Solanki*, 1979 to 2009 from *PMOD*).

The 17th century episode coincided with wars and social catastrophes (Parker 2013). Will this happen again? We cannot control what happens to the sun; but we can control what happens in and around our social galaxy, the one that humans were responsible for creating on Earth.

If people were vulnerable to climate change in the 17th century, part of the reason was the disruption to their cultures caused by the feudal aristocrats. They trampled over people's sustainable ways of living to extract the rents that people, in partnership in their communities, created by their labour. Today, we can re-set the sustainable ways of living by amending the rules that govern property rights.

Change can be brought about by approaching human relationships in scientific terms. Oxford professor of economics Paul Collier, using the misleading terminology of fiscal language, puts it like this: "[Tax] the excess profits, or rents, at 99%. By their nature, rents are not a return on either capital or risk, so the company does not need to be rewarded for generating them" (Collier 2010: 88). A similar conclusion is reached by applying spiritual perspectives (McIntosh 2008).

If people are sincere in wanting to heal the wounds inflicted on nature by past generations, they can reach a consensus on the tools that are needed. But disagreements will persist until there is an understanding of what is really at the heart of the environmental crisis. The problem is not ecological: it is cultural. Eco-cide is the collateral damage arising from an abusive social system that victimises most people.

Learn, or Lament?

Holistic solutions that eliminate the abuse of nature cannot be constructed in isolation from the social processes that abuse people. Impoverished rural workers who live in the highlands of India do not wilfully chop down trees to cause rivers to sluice away top-soils and flood the lowlands. They are driven to this behaviour by remote forces that inhibit them from nurturing the habitats that sustained them through evolutionary

timescales. Social critics who assess problems in terms that indiscriminately place blame on everyone ("It's human nature") distract attention from root causes.

Clean-up costs of the damage inflicted over the past two centuries must include the resources needed to heal the cultures of whole communities, as well as to remedy the wounds inflicted on their habitats. Such an exercise is movingly documented by feminist author Germaine Greer. With the royalties from her books, she purchased a distressed area of 150 acres (an abandoned dairy farm in Queensland, Australia) and began the process of nurturing the landscape back to something resembling what nature intended (Greer 2014). Activists in the green movement need to research the costs and logistics of such exercises, from the global perspective. The model for nurturing nature must integrate the fate of humanity.

The lead for reform will not be provided by politicians. Some politicians are acutely aware of the need for fiscal reform. In Britain, they include Caroline Lucas (Green Party) and Liberal Democrat Vince Cable, Business Secretary in the Cameron Coalition Government. But on the whole, politicians appropriate words like sustainability not to address fundamental causes, but to help them skate over the embarrassment of their failures. One result: governments are turning "climate change" into "the most costly scientific blunder in history" (Booker 2009).

A calm approach is needed to what has become a hotly contested debate, but who will mediate? The dispute over culpability for eco-cide should not delay the adoption of financial reforms that are needed on grounds that cannot be contested. Mass poverty in both rich and poor nations is not

contested. The correct solution, if applied to address this one cause of human misery, would do more than anything else to terminate the systemic abuse of nature.

But to secure a balanced way of life we need to recover awareness of the parameters of the financial feedback system (Thesis #4). The effects of this change to the pricing mechanism would be to

- ❖ equalise the right of everybody to earn a decent living;
- ❖ equalise all bio-regions, by enabling governments to distribute rents on the basis that everyone has an equal right to share in that stream of the nation's income, no matter where they were located;
- ❖ with growth, the extra rents would be channelled into benign cultural and environmental uses;
- ❖ growing prosperity would enable people to shift personal consumption away from materialism in favour of their cultural experiences.

Nature would then be left free to germinate her riches, enriching the lives of all sentient species on Earth.

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