

U, the UN & theIU - Solving the Real Debt Crisis

(This text has been adapted from the epilogue of The Silver Bullet)

ONCE it is privatised, the rent of land and of nature's resources is converted from public value to private debt. Its essence remains: rent is the product of cooperative effort, institutionally separated from private incomes through the social rules of the marketplace. But it is transformed from benign social surplus, available to fund the secular arts and spiritual life (among other things), into a legal force that tears culture apart. Rent becomes a debt – a transfer payment, as economists put it – that is owed by the majority to the privileged minority. The owners of land interpose themselves between people and nature, causing the implosion of society in a thousand and one ways.

The community of nations now needs a period of social renewal so that people can come to terms with the need for changes to property rights and public finance policies. What will encourage such reforms? Pessimistically, the Asian Development Bank notes that “the most successful redistributions” of land take place after wars, citing South Korea and Taiwan, and it asks: “Is the redistribution of land possible in less extreme circumstances?” It concludes: “the answer to this question may well be ‘No’”.¹

Wars, driven by the desire for territorial aggrandisement, were intrinsic to past Ages of Unenlightenment. Must we resign ourselves to the prospect that future reforms can only follow destructive conflicts? Or should we hope that, by democratic debate, and by showing that *everyone* gains from tax-and-tenure reform, enlightened people will reclaim their birthright without others first having to die?

Post-colonial countries that wish to redevelop need to take control of the agenda if they wish to determine their fate. Westerners can help, and a good starting point for them is the recognition that a new approach is needed to debt cancellation. Relief from the debts that cripple whole societies must be sought by new means.

We need to start with a deeper understanding of the nature of this debt, as defined by the United Nations. The UN recommends that, in national accounts, balance sheets should have entries for buildings, machinery and vehicles but should exclude land.² Why? The UN correctly defines land as a non-produced asset. This

¹ ADB (2007: 81, n.90).

² UN (1993).

means that the money paid for its use is *a simple transfer of income from one person or group to another*. Rent, when privatised, does not represent an exchange of value-for-value.

For so long as that form of debt hangs around the budgets of nations, it must impede evolution towards communities that are balanced in personal health, wealth and social welfare.

The debt cancellation agenda, therefore, should switch its emphasis from debts owed to banks to the far larger debt – one that exists in perpetuity – which is paid to those who literally own the country and claim the legal right to extract a nation's rents.

We need a new and different campaign to consign poverty to history.

To support the goodwill of individual reformers, that campaign should be endorsed by governments that genuinely wish to see the redevelopment of their post-colonial societies. The starting point should be a move for change to the constitutions and declarations of human rights that inspire people, which mobilise moral authority behind popular consensus for change. In particular, attention now needs to focus on the endorsement of amendments to UN *Universal Declaration of Human Rights*.

We saw in chapter 7 that the UN's version of human rights does not outlaw the most pernicious of all debts.³ By its act of omission, *the Universal Declaration of Human Rights permits rent-takers to hold nations to ransom*. Agreement is needed between member countries to modify the *Declaration*. New articles are needed which embed the principles of justice. The amended *Declaration* would then help reformers to amend the laws of their land.

The IU has launched this global campaign to petition the UN. It recommends amending Articles 3 and 29.

Article 3:

Everyone has the right to life, liberty and security of person, the enjoyment of which is contingent on the right of access to land. The right to land may be exercised indirectly, by sharing equally in the benefits that accrue to the community when use rights are assigned to them.

³ In the ancient world, debt cancellation practices by high priests and princes found expression in the Bible as the Jubilee (Leviticus, Ch. 25). For a modern interpretation of the Jubilee, see Hudson (1994, 1999, 2002).

Article 29:

1) Everyone has duties to the community in which alone the free and full development of his personality is possible. The life of the community is reliant on the performance of those duties, principal among which is the payment to the community of the value of the benefits received from it.

This formulation – sharing in the *benefits* – has two virtues.

- It does not require the forced appropriation of anyone's land holdings. Security of possession would continue, *tied to the obligation to pay for the benefits that the possessors receive by virtue of holding land*.
- Benefits may take monetary and non-monetary form. So a land-holding jurisdiction could employ a land use policy that does not entail the payment of rent for the use of land, if it so wished. Such cases are exceptional – we have cited the case of the Kalahari Desert Bushmen – but they must be respected. For we are specifying a *universal* right; which means that it must be applicable to societies at any stage of 'development'.

This formulation of the rights *and obligations* of each and every one of us offers the most powerful single tool for abolishing involuntary poverty. If adopted by the UN General Assembly, and enforced by member countries, it would guarantee people's natural right to life and liberty.

You are invited to log on to The IU website (www.UNpetition.net) to sign the petition, and to invite others to do likewise. A free copy of *The Silver Bullet* may be downloaded and forwarded to those who wish to understand why tax-and-tenure reform is imperative if we are to render mass poverty and territorial wars obsolete.⁴

Governments are invited to endorse the campaign, and to represent the interests of humankind in the General Assembly. The need for inter-governmental initiatives has been recognised by people like Gordon Brown, Britain's Prime Minister. He realised that the Millennium Development Goals were not being achieved – “it is already clear that our pace is too slow, our direction too uncertain, our vision at risk”.⁵ He assembled a coalition of government leaders and multi-national corporations that would convene at a UN-sponsored conference in 2008 to

⁴ For an account of how to implement public charges on land values, see UN-Habitat's Global Land Tools Network initiative (<http://www.unhabitat.org/categories.asp?catid=503>).

⁵ Eaglesham (2007).

address the deepening poverty in Africa. But without a comprehensive understanding of the causes of poverty, such initiatives will go the way of previous gatherings, where hand-wringing was not followed by action proportionate to the problem or its root *causes*.

The people of Africa and the Global South do not need aid. They can enjoy full lives and fund their infrastructure out of their own resources. The self-funding mechanism is the solution that economists choose to ignore. *If you want to prove them wrong on behalf of the dollar-a-day billion, lobby your politicians on behalf of a new UN agenda on human rights.*

The IU's proposal to amend the Universal Declaration of Human Rights is the logical culmination of decisions that have already been made by the UN (see Box 1). We believe that the amended Declaration would inspire governments to reform their tax codes as the prelude to consigning poverty to history.

Box 1

“The Common Heritage of Mankind”

THE United Nations has begun to elucidate the philosophy of land rights that the IU recommends, starting with The Third United Nations Convention on the Law of the Sea (1982). This declares that

the area of the seabed and ocean floor and the subsoil thereof, beyond the limits of national jurisdiction, as well as its resources, are the common heritage of mankind, the exploration and exploitation of which shall be carried out for the benefit of mankind as a whole, irrespective of the geographical location of States...

And UN-Habitat, which is charged with identifying solutions to meet people's need for shelter, specifies the means for sharing urban land rent. Land, it declares,

cannot be treated as an ordinary asset, controlled by individuals and subject to the pressures and inefficiencies of the market. Private land ownership is also a principal instrument of accumulation and concentration of wealth and therefore contributes to social injustice; if unchecked, it may become a major obstacle in the planning and implementation of development schemes. *The provision of decent dwellings and healthy conditions for the people can only be achieved if land is used in the interests of society as a whole. Public control of land use is therefore indispensable...*(emphasis added)*

It adds that, to

exercise such control effectively....suitable instruments [are required] for assessing the value of land and transferring to the community, *inter alia* through taxation, the unearned increment resulting from changes in use, or public investment or decisions, or due to the general growth of the community.

* The United Nations Conference on Human Settlements (Habitat I), Vancouver, May 31- June 11, 1976, Conference Report, Preamble to Agenda Item 10.