

## Land Trusts as Part of a Threefold Economic

### Strategy for Regional Integration

by Robert Swann

Today in the large agribusiness complex we see the movement towards "vertical integration" (that is, control of production from the farm through the processor to the ownership of the wholesale or retail store, and often including ownership of production of equipment and machinery) carried out to an extreme degree. Vertical integration spells a higher degree of monopoly control, maximum profit to the few owners of the corporations, and high prices to consumers, along with reduction in quality of food and ecological danger to the land through monoculture practice. While this process is a widely discussed symptom of the growing concentration of corporate power, the forces behind the concentration are not always recognized as the enemy in that they exemplify control over resources, production and people, which the giant corporations exert for the benefit of a few people.

However, more than recognition is needed. We must analyze the sources of power upon which it depends and create a commensurate alternative strategy. Without denying the need for a legislative program (and the California Land Conservation Fund is the best proposal I have seen), I submit that by itself this is not an adequate strategy. A parallel economic strategy is also needed. It is in this context that the community or regional land trust belongs. First, let's look at some of the economic forces which have helped shape vertical integration (and monopoly control), because it is necessary to have a clear understanding of these forces before a comprehensive opposing strategy can be mapped out.

Basically, those forces, in my opinion, have consisted of three major factors, long in existence and deeply entrenched in the American and Western economic systems. As I list these factors I will also note hopeful signs of countervailing forces.

1. Built into the very core of the U.S. constitution, written as it was by land owners, is the proposition (although not explicit) that property rights take precedence over human rights or ecological realities. The notion of ownership of land and national resources in private hands and for private profit was incorporated into the Constitution, thus

perpetuating the myth of divine rights in ownership first promulgated by Roman Law. Only the American Indians, the original inhabitants of this soil, dared to question the supposedly divine right of kings to bestow legal title to land. The Indians did not claim ownership, but rather they questioned the notion of ownership of land and resources which, in fact, had no place in Indian culture. In accepting the white man's trinkets (for which they had no use) the Indians did not think they were "selling" the land, but rather acknowledging in a symbolic way the white man's request to share the use of the land which was, to the Indians' way of thinking, the gift of the Great Spirit for all men to use without exception.

While private ownership in land and resources remains strong and relatively entrenched, the ecology or environment crisis is bringing about a change in thinking about the right to exploit and pollute and, therefore, the public is today more open to the concept of trusteeship in land use rights rather than ownership rights. It may also be becoming more sensitized to the legal robbery which takes place under the form of what is euphemistically called "speculation in land."

2. The second factor is special privileges which have been granted by law to private for-profit corporations, and which have provided them with advantages over individuals or "natural persons." Such privileges as personal immunity from suit had only been accorded to board members of public non-profit corporations such as schools, government institutions, etc., previous to 1811. In 1811 the state of New York passed the first law, in the face of considerable opposition and public indignation, granting the same privileges to for-profit corporations. The Civil War gave a great impetus to these for-profit corporations which, as they moved West, began to acquire huge holdings in land and other resources through government grants (to the railroads, for instance). By the end of the Civil War, Abraham Lincoln remarked, "The corporations are in the saddle and control the country."

Today a resurgence of opposition to the private profit corporation is sweeping the country (Ralph Nader says, "finally the public is beginning to understand that corporate crime, corporate pollution and corporate distortion of our laws takes more lives, destroys more property and depletes more consumer incomes than all the street crimes put together."). But not until the special privileges granted these monstrous corporations are revoked, can imbalance of power be rectified. Meanwhile, a strategy of developing non-profit corporations to replace profit corporations must grow.

3. The third force, and perhaps the least understood or recognized, behind monopoly is the power of the centralized issuance of money. By the time Alexander Hamilton had overcome the opposition of the Jeffersonians and established the first bank of America modeled after the central bank of England, this force had already been established. The centralized monopoly control over issuance of money has grown ever stronger (not without periods of populist opposition) until today it remains almost unquestioned even by the foremost critics of the "system." This system has worked badly for the majority of the people, especially those in the rural and under-developed parts of the U.S. In the 1930's the Keynesian band-aid was applied to patch up the system and it has been staggering along ever since, but even more inexorably at the expense of those outside the main centers of commerce. In short, the rich have been getting richer and the poor, poorer, without change, as a result of the Keynesian reforms of the monetary system. In fact, the very centralization of the system and privileged monopoly control which is built into the profit banking system makes such a maldistribution of goods and services a virtual certainty. Any strategy to oppose monopoly control must take this factor into account.

The often drawn conclusion from the above analysis by those in opposition to special privilege and injustice of the system is that more government control is needed - usually implying the Federal government. We are, of course, somewhat more sophisticated today, and most of us recognize that Federal bureaucracies tend to become the captives of the vested corporate interests. (Nader might put it, "The supposedly regulated end up controlling the regulators.")

Nor has socialism as practiced in other countries given a great deal of insight or hope regarding our problems in the U.S. This is because the limited success of socialism (at the very least, people are usually better fed and better housed than they were prior to the socialist regimes) has generally taken place in the so-called undeveloped countries. As their socialist systems developed, these countries have been isolated from the exploitative system which controlled them previously - usually called imperialism. Basically this had meant a "closed economy" whereby the depredations of the international monetary and corporate system could not invade the country and exploit the local population.

Certainly, this has been effective in China and Cuba when accompanied by land reform programs, and perhaps to a lesser degree in other socialist countries, or even non-socialist countries where nationalism has come to some degree produced the same "closed economy."

But because the U.S. is an overdeveloped nation, it is not likely that identical solutions will be applicable here, certainly not on the national level at any rate. As we see in the case of Russia, centralization of power under the name of socialism merely leads to

bureaucratic control from the center and not very much difference in the inequality of distribution results. As has been observed by many people, Russia and the United States are growing closer together, as ever larger bureaucracies control both countries from centralized points.

On the other hand, one might take the view that essentially the entire United States is divided between affluent centers of power (the large industrial and financial complexes of the East, Midwest, and far West), and the rest of the country is, in effect, "colonial" hinterland. Then an analogy can be drawn between the situation of the Third World and these "colonial" areas of the U.S. - generally the rural areas and the inner cities. Here is where the concept of regional decentralization enters in as the alternative strategy to a purely political strategy. Within the regions defined as "undeveloped" (Appalachia, South, Southwest, North Central, inner cities ), sub-regions can begin to create a comprehensive strategy which includes land trusts, relatively closed economies, and community development corporations. I will try to describe each component and its role in an overall economic strategy.

## I. THE COMMUNITY LAND TRUST

The community land trust is a legal entity, a quasi-public body, chartered to hold land in stewardship for all mankind present and future while protecting the legitimate use-rights of its residents.

The community land trust is not primarily concerned with common ownership. Rather, its concern is for ownership for the common good, which may or may not be combined with common ownership. The word "trust" is used more to connote the idea of trusteeship or stewardship than to define the legal form. Most often the land trust will be a non-profit corporation rather than a legal trust.

The following key features differentiate the community land trust from the ordinary real estate trust or conservation trust, and enable it to achieve its goal of "ownership for the common good":

- 1) The trust holds land only.

- 2) The land user is protected by his long-term lease - 99 years, renewable and inheritable.
  
- 3) The land itself is protected by the charter of the trust.
  
- 4) The trustees do not "control" the users of the land; they implement the trust charter and ensure that the provisions of the charter and of the lease contract are fulfilled.

Some reasons why land trusts are advantageous in a strategy of regional decentralization:

#### Immediate Implementation

Trusts can be established immediately. They do not require any legislation for implementation. Land trusteeship utilizes the legal principle of the leasehold, but in perpetuity (99 years, renewable and inheritable). Such long term leasehold systems, as a substitute for ownership are being utilized increasingly in urban areas (in New York City most skyscrapers are on leased ground) and even new towns (Irvine, California, for instance), but generally for maximizing profit (Leavitt retains the commercial areas of his town and leases them out - thereby reducing taxes and spreading profit over years). In the concept of trusteeship, these profits return to the trust which, in turn, can donate them to the community via special agreements.

#### Built on Tradition

Trusteeship and stewardship can be built on a long tradition in many societies. For example: Indians of North and South America, the Ejidos of Mexico, the tribes of Africa, the "commons" in England and New England, the Crofter system in Scotland, the Eskimos of Alaska. And in recent history, the Gramdan movement in India and the Jewish National Fund in Israel.

## Broad Base for Political Coalition

One of the problems with traditional land reform is that it often implies or has, historically, involved forcible expropriation. This fact has led to a great deal of fear regarding the term on the part of the land owners, including homeowners, who fear (irrationally) loss of their homes. Such fear is not associated with the words "trust" or "trusteeship" (nor is expropriation advocated under the land trust concept). In fact, since trusteeship implies and includes a concern for the land itself in a conservation or ecological sense, new allies are found in the environmental movement who want to ensure that the land is not violated (in Maine these people are called "land advocates," and their number is growing rapidly.) This creates a basis for a broader political coalition than land redistribution, per se.

At the same time, it should be pointed out that under traditional land redistribution, land typically reverts to its former absentee landlords (or new ones) in about twenty years, partly because other factors or forces in the economy (control of money, etc.) are not changed. Under land trusteeship, on the other hand, land is taken out of private ownership (voluntarily) and placed in trusteeship "In perpetuity."

## Tax Reform

As land trusts grow and the amount of non-trust land in given region decreases, the value of the remaining land may decrease, resulting in lower prices and increasing opportunity for more people who need land to purchase it. On the other hand, due to the community development which takes place on trust land, it is possible that land values may increase. In this case, the trust with its broad-based membership is in a good position to form a coalition with small farmers, homeowners and environmentalists to drive speculation out through changes in the application of local tax assessment. That is, either through election of a candidate for local tax assessor or through statewide tax reform, to place the burden of the property tax on unimproved land and big private landowners.

## Planning Advantages

A trust can be used as a holding mechanism for all sizes and tracts of land. Some of these tracts may be large enough to build entire new towns (large or small) or simply used as farms or as conservation tracts. Because large segments of land are held as a unit, the trust can utilize the greatest flexibility in planning, taking into account the entire region. This is, from a planning viewpoint, the most logical unit for resource planning. Most regions have regional planning commissions already - usually frustrated planners who are unable to utilize their best knowledge of the region. (In planning New Communities, Inc. in Southwest Georgia, we received enthusiastic support from the regional planning commission.) This flexibility permits both short and long range strategies which can include small farms, large farms, or combinations of both. In this way, the modern technology of the large scale farm can be utilized while, at the same time the trust can encourage and promote the new ecological fertilizers and farming systems to avoid dangers of monocultures and pesticides. In the short range, at least, large scale use of machine technology is necessary to compete with the agri-business farm system. Land redistribution or resettlement creates more small farmers, but does nothing to ensure their survival.

#### Mechanization and Farm Workers

Another aspect of this same issue which must be considered is the assumption that farm workers and agriculturalists want small farms - I doubt this is true in most cases if it means giving up labor-saving machine technology. Farm laborers want a share, real participation in ownership of their production, but not at the expense of more "stoop labor." In our planning sessions for New Communities, Inc., we ran into this issue any number of times. Farmers did not want to divide the farm (about 6,000 acres) into small individual tracts because it would make the use of machinery more difficult. Cucumbers, which meant a great deal of stoop labor, were voted out as a cash crop even though they bring good prices.

#### Removes Burden of Payment from the Land

To those who are concerned about chemical fertilizers and pesticides distributed with large scale machinery, as well as those who believe in the small farm system, this attitude presents a problem and a challenge. I suggest that a land trust mechanism, which helps to remove the burden of land payments from the back of the farm worker, is a form which offers the best approach to solve this problem. Since so-called "organic" farming

generally costs more in terms of labor, and since present markets do not offer any price incentives to the farmer, he is often forced to use pesticides and chemicals on his fields against his better judgment, in order to meet his obligations (mortgage) on the land. In our planning at New Communities we have, at least in theory, developed a plan for combining large scale farming with small plots mainly for home gardens and animals. However, larger plots could be provided for individual families to live reasonably close together in villages where other needs such as schooling, recreation, buying clubs, marketing co-ops and other stores can easily be provided.

In Israel, the advantages of flexibility in planning can be seen very clearly, since over two-thirds of the best land is held in trust by the Jewish National Fund. There, everything from small farms, Kibbutzim, Moshavim and whole new towns are planned and established on trust land.

In short, the trusteeship concept is an activist approach to the problem of redistribution of resources, and while it is initially aimed at the land, as it grows and develops strength as a movement it can begin to reach out into other areas of resource management.

## II. THE COMMUNITY DEVELOPMENT CORPORATION

The second element in the threefold strategy of regional integration is the concept of the nonprofit Community Development Corporation (CDC). The concept of the CDC provides the mechanism which can substitute for the present vertically integrated corporation on a local or regional level. As an umbrella nonprofit organization it can even spin off and control for-profit corporations which return profits to the CDC, which, in turn, uses those profits for the benefit of the community. As the land trust is the land use planning organization, The CDC is the development organization. It can develop businesses (ecologically sound industries), and it can provide for recreation, health, schools, etc., which the community may need and which are not provided for in the present institutions. Its job is overall development planning, using the savings of the local members as initial capital to start the process.

## III. COMMUNITY MONEY



The third necessity in such a strategy is the one least likely to be understood or considered. It is comparable to the process of a newly established country creating its own money-of-account, or currency, and operating as a semi-closed economy that produces primarily for local consumption and exports the surplus for "foreign exchange." This is not to imply that all newly formed countries do this. Unfortunately, they often fail to do so because they have accepted the colonial banking system which they have inherited from their former Colonial masters. In these cases, and it is the majority of them, the former "mother" country continues to exert economic control through the power of the dollar, the pound, the franc, etc. While these countries are politically independent, they continue to be economically controlled from the outside.

In the same way, a regional integration strategy will not be complete or successful until some form of isolation from the larger economy and independence from the dollar is achieved. An illustration of such isolation within a country is Israel, in the case of the Kibbutz, where national currency is not required within the internal mechanism of the Kibbutz - but only a bookkeeping system is used to determine each family's allocation. Exports and imports of the Kibbutz are paid in terms of the Israeli dollar; any surplus of export income over import cost being allotted on an equitable basis to each worker family. The amount of national cash or currency needed is thus reduced to a minimum. Coupons, or credit vouchers, are used as internal currency within the Kibbutz, but they are good only for purchases at the Kibbutz clothing or Kibbutz "supermarket." Such a system can be applied on a wider level and there are many examples of "scrip" money as it has been called in US history, especially during the great depression of the 1930's.

It is my opinion that such a system, on a more sophisticated level, must be utilized in order to insure successful regional integration. We are now involved with an experiment in New Hampshire which is demonstrating that such a system can utilize the existing banking system. We intend, of course, to use it as a means for financing land trusts in New Hampshire and Maine, and for creating the currency needed to develop the related CDC's.

The international monetary crisis and the continuing devaluation of the dollar is helping to bring about a favorable climate for accomplishing this objective. The New Hampshire experiment uses a scrip called "Constant" which does not devalue with inflation but is linked to a non-inflationary index (Bureau of Labor commodity price index at present, but eventually a world commodity index). A checking account system is already in operation, which moves through the bank clearing house. However, it is a separate corporation, a non-profit corporation, which provides financing and local currency within a developing regional system. At present, U.S. Dollars are being exchanged for the Constants, but eventually it will rediscount loans and, in the process, issue new credit.

Most of us have been intimidated by our lack of knowledge of the banking mechanisms or by our naive assumptions or fears that only the government can issue credit or currency. The result is that we have retained our dependence upon the centralized system and its ability to exploit us through the mystery of its operation. Without intending to oversimplify what is not necessarily an easy subject, I submit that the time is long past for de-mystifying this process which has kept us at the mercy of Wall Street and its manipulations.

## LONG RANGE POLITICAL & SOCIAL IMPLICATIONS

Finally, a word regarding the long range political and social implications of such a threefold strategy. It should be clear that the implications of the CDC would be to gradually replace the multi-national corporation. With its emphasis on the local community, and transformation of the purely private profit system in order to make it serve the needs of the community and region, the CDC represents a unique form for releasing new energy, imagination and power around the concept of local control and local participation in economic decision making.

It should also be clear that control and issue of money, or currency, on the local or regional level will lead away from control and domination at the national level over monetary decision making. It may not be as clear that at the same time, issue of currency whose value is regulated by the use of an index based on world production of commodities, could eventually remove the necessity for international monetary regulation as embodied in the concept of the International Monetary Fund. (Newsweek says we are "groping for a new international monetary system." Rather, I would say we are searching for a non-international monetary unit of exchange, a money for world-wide use to replace gold. This is what is proposed in the use of the constant.) In effect, this means one *raison d'etre* of the nation-state will have been removed.

From another dimension, the very concept of trusteeship when applied in the broadest fashion to all natural resources, challenges the political sovereignty of the nation-state.

The concept is being applied to the oceans in the Seabed Committee of the UN General Assembly. A general conference is being planned on the law of the seas to draw up a treaty establishing an "international ocean regime" for the peaceful uses of ocean space and resources for the benefit of mankind as a whole.

As Elizabeth Borgese writes in *The Center Magazine*, "In trying to establish an organization for the management of ocean resources, we must tackle all the problems of world government. This includes questions of constitutional structure, distribution of voting power, relations between large and small and developed and developing nations, planning and resource management, conservation, regional and global development, taxation, diversity, and unity, sovereignty and poverty, rights and responsibilities, a new science policy, and the control of technology for the benefit of mankind."

With the exception that its scale is regional instead of global, most of the above applies to the problem of organizing a regional land trust. What is learned in the process at the global level may be applied at the regional level and vice versa. In fact, it will be the interaction between the nucleus of the "new politics" of the transnational period we are entering - a period in which the new technologies of war are rapidly making the political institution of the nation-state untenable. As it becomes increasingly clear that "we will abolish war or war will abolish us," war as an instrument of political policy becomes increasingly unfeasible.

Without war as an instrument of national political policy the nation-state cannot endure. Even the very cost of maintaining an outmoded and obsolete "defense" establishment will help break down the nation-state itself. Resentment and resistance to the taxes required to maintain this establishment will bring about decentralizing forces and new alternative institutions. New institutions of many kinds are needed to replace present outmoded nation-state institutions, but central to all such institutions must be the institutions of land and resource management on a global and regional level. Trusteeship is simply the underlying concept which can give coherence and unity to all such planning, whether "conservative" or "radical."