

Proposal that Louisiana be purchased

Thomas Paine

In 1802 Louisiana was administered by the French. Napoleon had denied access by the USA to New Orleans and there was a real risk that the two countries would go to war. On Christmas Day Tom Paine wrote a short letter to the president, Thomas Jefferson, suggesting that the USA should purchase Louisiana from the French. Within a year the deal had been done.

When it comes to disputes about territory and natural resources, are we missing a trick? Could we make more use of financial solutions to settle disputes?

Proposal that Louisiana be purchased was not Tom Paine's only suggestion about fair ways to handle territorial claims. In *Agrarian Justice* he asserted the principle that a landowner 'owes to the community a ground-rent' (Land Value Tax) that should be distributed to all. If this distribution were to take place across national boundaries this would dramatically reduce the incentive for one state to grab the territory of another.

When conflict threatens, buying or renting territory could form the basis for peaceful resolution.



with

An approach to resolving territorial conflict

Julian Pratt



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EXPLANATION OF TERMS used in this document

Land is used in the everyday and geographical sense to mean the solid surface of the Earth. Land does not include buildings or agricultural improvements that are made by people, even when these are physically inseparable from the land.

Property is used to refer to anything to which people may lay claim. Thomas Paine makes the useful distinction between **natural property** (including land and the rest of the natural world) and **artificial property** (artefacts that are made or produced by people).

Rent is used to describe regular payments for the use of land. The **market rent** [of land] is the 'estimated amount for which [the land] should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion' (RICS 2009:42). Market rent therefore applies to all land, whether it is owner-occupied or leased. A **resource rent** is the market rent of a defined natural resource such as an oilfield, mine, water resource.

Thomas Paine and Adam Smith used the term ground-rent when referring to the market rent of land, to emphasise that this does not include any payment for the use of buildings or other improvements on the land.

Land Value Tax is a tax levied on some proportion of the market rent of land.

Stewardship is a form of private property, applied to the natural world, in which the right to use the land is balanced by the responsibility to care for it and the duty to pay stewardship dues.

Stewardship dues are an annual fee or charge that is paid to secure the stewardship of a plot of land, equal to its market rent.

A boundary is said to be **hospitable** when it is mutually agreed between the occupier of territory and those excluded from it, without recourse to the law or coercion.

PROPOSAL THAT LOUISIANA BE PURCHASED

In 1802 the United States of America faced potential war with Napoleon over the territory then known as Louisiana. On Christmas Day 1802 Thomas Paine wrote a letter to the president, Thomas Jefferson, proposing that the United States should avoid war by negotiating to purchase the territory outright.

'Spain has ceded Louisiana to France, and France has excluded Americans from New Orleans, and the navigation of the Mississippi. The people of the Western Territory have complained of it to their Government, and the Government is of consequence involved and interested in the affair. The question then is – What is the best step to be taken?

The one is to begin by memorial and remonstrance against an infraction of a right. The other is by accommodation, - still keeping the right in view, but not making it a groundwork.

Suppose then the Government begin by making a proposal to France to re-purchase the cession made to her by Spain, of Louisiana, provided it be with the consent of the people of Louisiana, or a majority thereof.

By beginning on this ground any thing can be said without carrying the appearance of a threat. The growing power of the Western Territory can be stated as a matter of information, and also the impossibility of restraining them from seizing upon New Orleans, and the equal impossibility of France to prevent it.

Suppose the proposal attended to, the sum to be given comes next on the carpet. This, on the part of America, will be estimated between the value of the commerce and the quantity of revenue that Louisiana will produce.

The French Treasury is not only empty, but the Government has consumed by anticipation a great part of the next year's revenue. A monied proposal will, I believe, be attended to; if it

should, the claims upon France can be stipulated as part of the payment, and that sum can be paid here to the claimants.

- I congratulate you on The Birthday of the New Sun, now called Christmas Day; and I make you a present of a thought on Louisiana.'

T.P. (Thomas Paine 1802/1895)

The next morning Jefferson told Paine that, even before receiving his letter, 'measures were already taken in that business' to purchase the territory (Moncure Conway 1892). The letter did not determine the course of history. But Jefferson sent Paine to Paris to contribute to the negotiations, where after a series of twists and turns agreement was reached between the two countries and sovereignty was transferred on December 20th 1803.

The Louisiana Purchase was one of the most important events in the history of the USA. The territory of 823,000 square miles was far larger than the current State of Louisiana, stretching from New Orleans into what is now Canada and from the Appalachians to the Rockies. It makes up a third of the current territory of the USA.

The significance of Thomas Paine's letter lies in the clear case that it made for a financial mechanism to settle a territorial dispute that seemed to be leading to war. The letter provides inspiration for resolving territorial conflicts today.

AN APPROACH TO RESOLVING TERRITORIAL CONFLICT

The rest of this publication takes this proposal by Thomas Paine, to avoid war by purchase, and develops it in the light of the principle that underlies his *Agrarian Justice* (1797b).

It begins by questioning whether it is ethically possible to buy and sell the natural world in the same way that we buy and sell artefacts, the things that we make.

It explores the role that competition for territory and natural resources, and their associated economic benefits, plays in generating conflict and provoking war.

It then builds on Thomas Paine's assertion that every landowner owes to the community a ground-rent and describes how this sharing of the market rent of land would reduce inequalities and conflict both within a state and between states.

Finally it discusses a proposal, Resolution by Rent, which provides a way in which territorial disputes could be resolved by allocating the territory to whichever state was prepared to pay the highest rent for it.

CAN WE BUY AND SELL THE NATURAL WORLD?

Purchase proved to be a highly effective way of resolving the potential conflict between the USA and France. There was no coercion, both parties to the transaction were satisfied, there has been no attempt to re-visit or challenge the arrangement – and there was no war with the loss of life and waste of resources that this entails. There may be current and future situations where diplomacy has failed, war threatens and a similar deal is exactly what we should be seeking.

But purchase may not be an ideal way to resolve conflict. One problem is that it implicitly recognises the legitimacy of an existing ownership claim. Thomas Jefferson was at first

reluctant to consider purchasing Louisiana because of the apparent legitimacy that this would confer on France's particular (historical) claim to the territory.

More fundamentally, purchase legitimises the idea that historical claims to territory can ever be justified. In our society the law determines that the owner of property is whoever can demonstrate the best claim to it. A claimant of property needs to demonstrate as best they can that there has been a sequence of voluntary transactions from an original legitimate owner. If they are unable to do so, they can still claim legal ownership if they can make a more convincing case than whoever is challenging their right to the property.

Historical claims to territory are unethical

Our society accepts that ownership, whether ownership of land by an individual or of territory by a state, is conferred by historical claim. This works well enough for the things that are made by people (artefacts), which Thomas Paine called 'artificial property' (Thomas Paine 1797b: 6), as these are originally acquired by an act of creation and transferred to subsequent owners through a sequence of voluntary agreements (Julian Pratt 2011: 96). But there are many reasons why it is ethically unacceptable to apply it to 'natural property' (land and the rest of the natural world):

- ❑ no human created 'natural property', so property rights cannot be traced back to an original act of creation or manufacture.
- ❑ any traceable sequence of voluntary transactions leads back to acquisition by war or conquest. In England even the best title to land can only be traced back as far as the Norman Conquest.
- ❑ Even the most convincing justifications for private ownership of land, arising from the labour expended by the first occupant, cannot justify a right to possession that is held in perpetuity and dispossesses

generations still to be born (Julian Pratt 2011:96). This means that rights to ownership, held in perpetuity, are inherently unjust.

Thomas Paine takes a charitable approach to the origins of land ownership:

And as it is impossible to separate the improvement made by cultivation, from the earth itself, upon which that improvement is made, the idea of landed property arose from that inseparable connection (Thomas Paine 1797b: 12).

and describes land ownership as having *stolen imperceptibly upon the world* (Thomas Paine 1797b: 16). It is land itself, however, that is stolen property. Joining the sequence of acquisition bolsters these unethical claims.

Historical claims to territory have practical disadvantages

As well as being ethically indefensible, historical claims have at least four major pragmatic disadvantages:

- ❑ There is no agreement about how far back we need to go to identify an historical date that takes precedence over other dates and provides a framework for decision-making.
- ❑ Even if such a date were to be agreed, ownership claims at that time will have been contested.
- ❑ Those denied access to the land are likely to harbour resentment. Territorial disputes are a zero-sum game and are always likely to be re-visited.
- ❑ Since historical claims have their origin in some form of conquest or warfare, they can always be reversed by contemporary acts of violence that change the 'facts on the ground'.

This dependence of territorial rights on historical claims, and the openness of these claims to being re-written by contemporary violence, has led to the need for states to maintain standing armies for the purpose of defence as well

as aggression, to the militarisation of society and to high levels of expenditure on military personnel and weapons systems.

It is the very idea that it is possible to claim perpetual and unconditional ownership of territory and natural resources that ensures territorial conflict will continue to shape global politics.

Stewardship in place of ownership

As property rights to the natural world cannot legitimately take the form of unconditional ownership in perpetuity, we need an alternative system of property rights.

Thomas Paine in *Agrarian Justice* asserted that '*every proprietor therefore of cultivated land, owes to the community a ground-rent*' (Thomas Paine 1797b: 12). He was claiming that ownership of land comes with duties attached. Henry George advocated introducing a Single Tax to be levied on the market rent of all land (Henry George 1879 Book VIII Chapter II: 385), a tax described by orthodox economists as a Land Value Tax. I use the term stewardship to refer to property rights of this sort, where the right to occupy land is balanced by the responsibility to care for it and the duty to pay compensation to those excluded from it (Julian Pratt 2011: 4).

Unlike the perpetual and unconditional claims of ownership, stewardship is a form of private property right that provides security of tenure (a use-right) that is conditional on paying a ground-rent (stewardship dues).

The principle of stewardship applies to property rights claimed both by individuals and by the state. In this system the most that either can claim is a use-right or lease that they hold on condition that they fulfil the duty to compensate those who are excluded from it. Territorial claims are then based on these present commitments not in past historical claims.

A CAUSE OF CONFLICT: TERRITORIAL CLAIMS

Ultimate and proximate causes of war

The ultimate cause of war may be the propensity of groups to develop a strong sense of shared identity and co-operation when faced with an external enemy. Each group with which we identify on the grounds of nationality, class, culture, race, belief or lifestyle is almost inevitably defined by its difference from an 'other'. This may be no accident - our capacity to co-operate successfully may even have evolved in order to provide a competitive advantage over other groups (Matt Ridley 1996/1997: 175). Many groups with a strong identity have a geographical or territorial basis.

States find it easy to appeal to deeply held feelings of identity and to present any conflict, whatever the cause, as an existential battle for survival in which their citizens have a patriotic duty to participate.

The proximate causes of war are more varied: a sense of historical wrong; the desire to punish, conquer or enslave another people; a feeling of superiority of culture or religion; the desire to save souls or achieve an ideal society; a lust for power; and, probably most frequently, the desire to acquire territory or natural resources.

Rent-seeking

Territory

Many wars arise from territorial disputes. The biblical conflict between the agriculturalist, Cain, and the pastoralist, Abel, continues to be re-enacted in the 21st century. The Hawaiian god of war is called Kukalimoku, 'snatcher of lands' (Martha Beckwith 1940/1970).

Some believe that their god has given them their particular territory, as its creator, and this may provide them with a theological justification for their territorial claims.

Territorial claims frequently have an economic rationale even where this is not acknowledged. Competition for land of economic value has always been an important cause of conflict even though it is frequently not acknowledged as such. Thomas Paine astutely assessed that the value of Louisiana to the USA lay *'between the value of the commerce and the quantity of revenue that Louisiana will produce'*.

The economic value of territory can be expressed as the total value of the market rents of the whole territory – including the land used for industry, commerce, housing, agriculture and transport as well as its natural resources.

Natural resources

Although territory is the usual focus for conflict, it is the rights to natural resources such as water, oil, minerals and fishing rights that are often the most significant issue. Civil wars as well as wars between states often result from the struggle to control and profit from the revenue derived from these natural resources - their resource rents.

Gaining access to the wealth of the natural world, whether this takes the form of resource rents or the rent of land used for a variety of purposes, lies at the heart of territorial conflict. Rent-seeking is an important cause of war.

Thomas Paine proposed paying France to acquire these benefits. Should we now be thinking of making greater use of buying and selling territory? Or would the more radical idea of leasing be more effective?

REDUCING CONFLICT BY SHARING RENTS

Stewardship Economy

A stewardship economy is one in which the natural world (land and natural resources) are held in stewardship not ownership (Julian Pratt 2011: 4).

In a stewardship economy every steward pays their dues, in the form of the market rent of their land, into a fund that is used for the benefit of everybody. This fund may be used to reduce the burden of existing taxes, which fall most heavily on the poor and which damage the economy by creating a deadweight loss (the economic activity that is not carried out because taxation increases its cost or reduces its rewards). Or the fund may be distributed to every member of the community, as advocated by Thomas Paine in *Agrarian Justice* (1797b: 12). Or it may be used for both purposes, as advocated by Thomas Spence (1776).

Jonty Williams (Jonty Williams 2014:15) describes how, as a farmer, he needs boundaries or edges to his land. These keep animals and people out as well as in and he suggests that these edges need to be 'hospitable' to those outside (Jonty Williams 2014:12), in the sense that they are mutually agreed between the occupier of territory and those excluded from it, without recourse to the law or coercion. He suggests that, as a landowner, he should compensate those he excludes by paying dues to the community. The amount he needs to pay would be a measure of how much those he excludes would like to occupy 'his' land, how much they would be prepared to pay to occupy it – its market rent. He proposes paying these dues into a fund that could either be used for the good of the community as a whole or be shared equally amongst its members. This would create a stewardship economy.

Suppose, for simplicity and as a thought experiment, the fund was to be shared out on an equal per capita basis to everybody living the country. This would result in a society

in which everybody receives a fair share of the wealth of the land and natural resources of that country. If somebody was using a lot of land or resources, the rest of us would recognise that this was entirely fair as their dues would be providing the rest of us with compensation. There would be no need to resort to the law or its enforcement to defend property rights.

This sense of fairness would extend beyond individual properties to the relationships between different regions of the country. Prosperous areas (where more rent is collected) would share their natural wealth with poorer ones. Instead of areas of prosperity and areas of deprivation, prosperity would be much more evenly distributed. Productive enterprise, and the desirability of housing, would also be spread more widely. And if the state decided to invest more in one area than another, for example in the arts or in infrastructure, the whole country would benefit as the market rent of land in that area rose.

The payment of dues, equal to the market rent of land, would remove many of the tensions within ownership economies with which we are familiar.

International Stewardship

International Stewardship is a proposal that would take the principle of stewardship to an international, and even global, level (Julian Pratt 2011: 89).

In a stewardship economy the revenue raised from collecting the rents could be distributed at local, national or international scale depending on whether local communities and states feel a sense of community with each other. At the international scale, International Stewardship, the rent would be shared across participating states – either amongst all individuals within those states on an equal per capita basis or amongst states in proportion to their population.

How would such an arrangement influence the attitude of states to territory, both their own and that of others? Suppose that state X wants to acquire a piece of territory currently held by state Y and is considering going to war. Seen simply from the economic perspective, X may at present judge that the benefits that they expect to gain in natural resources, productive capacity and workers will outweigh the price they expect to pay in lives and military expenditure.

If International Stewardship were in place, the situation would be very different. The territory acquired by X would come with the duty to share its market rent with other states. This amount reflects the value of its people, production and resources – the *'value of the commerce'* mentioned in Thomas Paine's proposal for the Louisiana purchase.

The net economic benefit of acquiring the territory would be close to zero, as the gross benefit would be counterbalanced by the duty to pay rent for it. The incentive to acquire territory, and particularly natural resources like water and oil, would be far less. International Stewardship is an active and positive approach to peace-building and to defence. Jonty Williams has described it as 'Georgist peace-building' to recognise its origin in the thinking of Henry George (Jonty Williams 2017).

Stewardship, whether at a national or international scale, bases territorial claims on a present willingness to share the market rent of the territory. It removes the economic causes of territorial conflict and provides a realistic basis for avoiding the pitfalls of historic territorial claims by its basis in the present willingness to pay.

RESOLVING CONFLICT OVER DISPUTED TERRITORY

Even without the adoption of International Stewardship, the principle of sharing ground-rents could be used to settle a territorial dispute. Instead of going to war, or offering to buy the disputed territory as in the Louisiana Purchase, one state could offer to pay rent to another to acquire the right to use the territory – an approach described as Resolution by Rent.

This section sets out some conventional approaches to resolving territorial conflicts, describes the principles underlying Resolution by Rent and provides examples of the sorts of situation in which this principle could be applied.

Possible approaches to resolving international conflict

Imagine a piece of territory Z to which two states, X and Y, lay claim. What mechanisms exist for settling this sort of territorial dispute?

Military. The usual way in which such a dispute is resolved is by states X and Y each devoting a proportion of their national wealth to their military who then engage in combat, the territory being awarded to the strongest. This is wasteful of life and resources and may leave both the problem and the (military) mechanism in place to be revisited, perhaps many times.

Negotiation. The negotiating positions of the two states will normally reflect their perceived military strengths. One disadvantage is that in this contest the weaker party may have to accept a settlement but will remain aggrieved. Another is that the prospect of negotiating from military strength may lead one party to carry out an initial military campaign to improve their negotiating position.

Independent (legal) arbitration. States X and Y could choose an independent arbitrator and ask for a judgement based on the historical legality of their claims to Z. This is problematic, however, because of the difficulty of establishing an agreed historical framework for decision (Page 5). In addition, no matter how satisfactorily the dispute may have been resolved in the past, this allocation of territory may no longer be helpful or meet today's needs.

Democratic choice. States X and Y might agree that the choice should be made by the population of disputed territory Z. In many cases this would be an ideal solution.

If the majority of the population of Z have their wishes met the minority population will, however, have their wishes frustrated without receiving any form of compensation and this may lead to continuing resentment. In addition, states X and Y lose the ability directly to influence the outcome.

Purchase. X and Y could, if they espouse the idea of ownership based in historical claims, choose to negotiate the purchase of Z.

The advantage of outright purchase is that it is clear, peaceful and provides compensation to the loser of territory. Its disadvantage is that it fixes ownership for all time, leaving open the possibility of further disputes. These may occur if, at a future date, the sale price is thought to have been too high or too low. There may be much more fundamental objections – when the Europeans presented gifts to Native Americans and ‘acquired’ Manhattan Island, the Native Americans had no concept of what the Europeans believed they had bought – exclusive individual property rights that were perpetual and unconditional.

Leasing. The idea of acquiring territory by leasing it from its owners is familiar. Britain's lease of Hong Kong from China is the best-known example, though as with other apparently voluntary purchases and leases it was completed under duress.

Resolution by Rent is a proposal that takes the concept of leasing a stage further. The steward of land or natural resources here compensates those who are excluded from it by paying them its market rent. This compensation should take the form of an annual payment by the steward to those excluded. Regular reviews are needed at which both the steward and the level of compensation is reviewed. John Kemp ^(1993:8) proposed this approach as a solution to the conflict in Bosnia.

Resolution by Rent

Resolution by Rent is a previously unused mechanism that could be applied where conflict between states arises from contested claims to territory, even where International Stewardship has not been implemented.

Resolution by Rent is based on the principle set out in *Agrarian Justice* by Thomas Paine ^(1797b: 12) – that those who make use of the land and the rest of the natural world should compensate those they exclude from it.

Resolution by Rent is not a single recipe for resolving territorial conflict but a way of thinking about, and acting in, situations where states contest the ownership of territory or natural resources.

The principle

Resolution by Rent is a mechanism that could allow two or more states, where there is a real risk of warfare, to agree who will control territory that is contested. A third party

administers the process by inviting pledges from the contesting states for an annual payment of rent. The highest pledge secures the stewardship of the territory, on condition that the annual payments are maintained.

After a significant period, say ten years, any of the states involved could trigger a repeat of the bidding process. The revenue would be distributed in a way that provides compensation to all those who are excluded from the territory. The precise way of doing this depends on the context and history (see 'The practice' below).

Some people would dismiss settling disputes by financial means as corrupt and profoundly undemocratic – not 'one person one vote' but 'one dollar one vote', the ultimate tyranny of the rich. And it would detach the claim that a people have to their territory from their history of rootedness in the soil.

Resolution by Rent should not, however, be compared with a democratic choice but with its real alternative – war. Instead of investing in the instruments of war and spreading death and destruction, Resolution by Rent diverts state spending on defence into a fund to be used for positive purposes.

The great advantage of Resolution by Rent is that it would ensure that the victors compensate the losers, whose territorial ambitions have been thwarted, redistributing wealth to the group that has proved to be less powerful and wealthy.

The practice

The examples below intentionally do not identify particular territories. But as you read them you may want to think of current examples and consider whether these proposals have any relevance. Remember that this approach is only to be considered when both parties choose it as less bad than going to war.

In the examples below Z is a territory that is contested.

Z may be contested by two other states, X and Y. Here, XX and YY refer to agencies that support X or Y's acquisition of Z.

Z may be contested by two groups within Z, A and B, that want to divide Z into two parts. Here, AA and BB are agencies that represent the interests of A and B.

An uninhabited rock

Imagine an uninhabited rock or reef, Z, that has strategic value; perhaps because of its military value or the rights it confers to natural resources such as fish, minerals or oil. Let us imagine that states X and Y believe that their claim to Z is sufficiently strong that they are prepared to go to war. Resolution by Rent provides a means by which they could compete for the territory but in a constructive rather than destructive way, if they should both wish to do so. The stages might be as follows:

- ❑ X and Y agree a trusted third party.
- ❑ The third party seeks pledges from both X and Y for a sum of money that each would be prepared to pay into a fund every year as an annual rent for Z. Contributors are thus not making a purchase but a commitment to repeat the payment annually for a significant period.
- ❑ The third party allocates stewardship of the territory to the higher bidder. Suppose this is X.

- ❑ The annual rent that is paid in to the fund is used to defray the costs of the process, and any surplus used for the global common good – for example to fund global peacekeeping activities and development programmes, or distributed as cash to the poorest nations.
- ❑ The bidding process is repeated at regular intervals (say ten-yearly).

X will have acquired the right to the territory at the price it has chosen without any of the risk, uncertainty or destructive consequences of war. The annual rent represents its value to X, who will know that its payments are being used to promote international peace.

Y will have lost the territory – at least for the time being. It will have escaped military engagement with a country that evidently has greater resources to commit to winning the territory. Y will have the consolation that X will continue to feel the financial cost of its involvement for as long as it retains stewardship. Y will not itself receive the rent, as such an arrangement could provide an incentive to Y to challenge X's existing territorial claims in order to receive the financial payout.

If Y so wishes it will also be able, in a decade's time, to increase its bid. By doing so it could either take over the stewardship or require X to make a higher bid and pay more.

An indivisible territory

Suppose now that Z is an inhabited rock, or some other territory that the two states X and Y contest and agree that it makes no sense to partition. There are several options available to them as alternatives to war:

Self-determination by majority vote of residents

X and Y might agree to allow the people of Z to determine for themselves whether they want to be part of X or of Y by holding a referendum in which the majority decide on the basis of 'one person, one vote'. This is generally likely to provide the most satisfactory and long-lasting solution.

The majority would be happy with the result, but the minority would remain uncompensated for their failure to achieve their aim. And X and Y would have had no input into the decision. In most circumstances these would be minor issues.

Occasionally, though, a majority vote might lead to a situation where either the minority of residents or one of the external parties decided to fight on to achieve their ends. In this case it would be worth considering Resolution by Rent.

Resolution by Rent confined to the external states

X and Y might be powerful enough to ignore the wishes of the population of Z. In this case they could choose to settle the ownership of the territory in the same way as for an uninhabited rock, by offering to pay rent as described above.

Resolution by Rent confined to the residents

An alternative would be for two agencies to be set up for residents of Z – XX for those who support joining state X and YY for those who support joining state Y. Supporters would pledge to one agency or another the regular payment they were prepared to make to achieve the result they wanted. If XX received a greater amount in pledges then Z becomes part of X, and the rent collected would be distributed to supporters of YY on an equal per capita basis. Those who supported joining X would thus provide ongoing compensation to those who opposed it. The process should be repeated at intervals of, say, ten years.

Resolution by Rent with external parties participating

The reality of most territorial conflicts is that there are other interested parties beyond the residents of Z. These parties frequently support their favoured side with assistance that may be political, economic or military.

If the external parties agree that they will themselves participate, along with the inhabitants of Z, agencies XX and YY would again be set up, each of which would collect pledges of annual rent. In this case they would accept pledges from any individual, organisation or state (i.e. not limited to residents of Z). The agency gaining the higher level of financial support would choose to which state Z would belong. In this way both those within the country and outside would be able to influence the outcome.

Rent collected within Z by the winning side, say XX, would be distributed to supporters of YY. The winning faction within the country thus makes an ongoing payment in compensation; the losing faction within the country receives an annual payment in compensation. The process should be repeated at intervals of, say, ten years.

Contributions collected from those outside Z would be used to fund international projects for peace-keeping or development. It is important that they should not be paid to the population of Z who might recognise the benefits to be gained from external funding and have a financial incentive to initiate conflict.

A divisible territory

Suppose that a state Z contains two groups, A and B who each want as much of the country for themselves as they can get. As an alternative to fighting two agencies are set up, AA and BB, to represent the two parts into which Z will ultimately be divided.

Each agency collects from its supporters (who may be limited to inhabitants of Z or may include their external supporters) pledges for the annual rent its supporters are prepared to pay for the land the agency is to hold.

The annual pledges to pay rent to the agencies AA and BB represent their bargaining strength in the process of dividing Z. This process can be imagined to take the following form. Negotiators representing AA and BB sit down at a map of Z which has been subdivided into appropriately small units representing local geographical and political reality. Each negotiating team has a number of counters that is proportional to the annual rent pledged to them. Each team places one or more counters on any land unit they wish their agency to occupy (if both teams bid for a particular unit the team who have bid the smaller number of counters must either remove them, or increase their number to outbid their opponent who must remove theirs). This process is repeated as many times as necessary until both teams are satisfied they have made the best possible use of their counters.

By this process territory Z will have been divided into two areas whose values (to the negotiators) are in proportion to the financial backing of AA and BB. The negotiators need to agree at the outset some ground rules, such as whether each territory has to form a contiguous landmass.

The total annual rent is then distributed. Contributions made by people living within Z to the winning side, say A, are distributed to B.

Any contributions made by external interests (such as X, Y and other individuals and nations) are used in the first instance to compensate individual property-owners affected by the partition. A fund would be set up to purchase, at current market values, any property that an owner wanted to leave and this would then be sold on the open market. In this way people who wanted to move as a result of the

partition would have financial compensation to enable them to do so. Of course people have a connection with their land that goes far beyond the financial, but this would at least provide some economic fairness.

Any additional contributions by outsiders would be used for international peace-building and development.

There are some risks to be avoided when embarking on Resolution by Rent. Before a solution has been agreed, one party (A) might seek advantage by starting a pre-emptive war in the hope of reducing the ability of the other party to contribute pledges by impoverishing them, driving them into exile or killing them. This risk could be reduced if it were known that the third party administering the process had the capacity to deduct enough from the pledges made to AA to compensate the victims, including refugees and the families of the dead. This deduction would be excluded from the amount that determines the number of counters, and so territory, that is allocated to AA.

CONCLUSION

Stewardship is a form of property in which the right to occupy and make use of land is linked to the responsibility to care for it and the duty to compensate others. It provides hospitable boundaries to those who are excluded from it that are mutually agreed between the occupier of territory and those excluded from it.

Stewardship forms the basis of a fair national economy, and when applied internationally as International Stewardship it makes territorial grabs less likely because they bring no revenue net of payments of rent.

The competition for territory pursued through financial might is an alternative to war. It has been tried and found to be effective in ensuring long-lasting peace, as in Louisiana. Purchase, however, reinforces the root cause of war – the

CONCLUSION

notion that historical claims to territory are valid. As an alternative, renting territory places the justification for territorial rights not in the past but in the present willingness to pay compensation to those who are excluded from the territory they want.

This paper is a think-piece intended to provoke further discussion. The proposals could be developed in greater detail and made available in situations when conflict appears imminent.

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Agrarian Justice

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This book tells a story of husbandry – a proper, time honoured way in which humanity may participate as members and marriage partners with these “earth communities”.

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Husbanding even a small piece of the earth is both a breath-taking ambition and one which recognises the equal dignity and regard that both human and soil need to have for each other.

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Stewardship Economy: private property without private ownership

Julian Pratt

This book takes a radical approach to the problems of market economies. It doesn't question the role of market mechanisms themselves, or the role of government in regulating the economy and providing public goods. It does however question one of the foundations on which market-based economies are based: the system of property rights. It suggests that the form of private property that works well for the things we make is entirely inappropriate when applied to the natural world. It proposes an alternative – stewardship.

The underlying principle of stewardship is that everyone is entitled to an equal share of the wealth of the natural world.

The steward of any part of the natural world has the exclusive right to use it, the responsibility to care for it and the duty to compensate others for excluding them from it.

In practical terms this means that stewards of land pay dues (fees) that are equal to its market rent. This is used to provide revenue for the government in place of conventional taxes and to provide a Universal Income that is distributed to everybody. Stewards of the environment pay a charge equal to the resource rent, and this revenue is distributed to everybody as an Environmental Dividend.

Once you see the world from the perspective of stewardship, none of the familiar challenges look the same. You will have a new way of thinking about what to do about poverty, the environment, globalisation, the tax-benefit system, house prices, negative equity, recessions, sovereign debt ...

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