To Jeffery V. Huffines – This is the statement I would like to make titled **Commons Rent as a Public Finance Option for the SDGs.**

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Good morning and thank you everyone for this opportunity to briefly present to you the approach of Commons Rent as a Finance Option for the SDGs.

Commons Rent is the surplus value or unearned income that is created by society as a whole that attaches to surface land and natural resources. The value of Commons Rent increases as development proceeds. In most areas of the world the commons rent is privatized and is the focus of rent-seeking, land grabbing and other land speculation activities.

We advocate for a public finance policy that captures the Commons Rent via land value taxation, land value capture and properly established sovereign wealth funds. This policy approach keeps land affordable for housing, agriculture, infrastructure and other basic needs. Part and parcel of this public finance policy is to reduce or eliminate taxes on goods and services. In other words, do not tax labor if we need jobs, do not tax houses if we need housing, and do not tax food production if we need food.

A Commons Rent form of public finance was strongly recommended in the Vancouver Action Plan, the founding document of UNCHS (HABITAT) in 1976. Most recently in 2012, Dr. Paul Collier, author of <u>The Bottom Billion</u> and a top World Bank and IMF Advisor on Africa, urged this approach during his keynote talk to the *World Bank Land and Poverty Conference* when he stated strongly that “land rent must be socialized.”

During the past decade I have been on working trips to Kenya, Senegal and Nigeria. I know that the indicators show that as development proceeds in African cities, as most other areas of the world, the price of land increases faster than the return to wages as a proportion of the economic pie. This dynamic is a universal economic law called “The Law of Rent.”

Through my administration of an online course on *Land Rights and Land Value Capture* I have corresponded with hundreds of educated young people in Africa who are unable to find jobs and/or affordable housing in the cities. But this is a global problem of structural injustice as this is also the case now in the United States where millions of new college graduates are unable to find good employment.

Where the Commons Rent public finance policy approach has been applied even partially, as it has been in numerous cities, there is an increase in employment, affordable housing, and sufficient funding for infrastructure and environmental safeguards with an accompanying decrease in crime and other social problems. Had I the time I would give specific details.

This policy approach has also promoted what might be called “natural land reform” where land becomes steadily available to those who need it for the production of basic goods to meet real human needs.

We also advocate for properly structured sovereign wealth funds that capture full natural resource rents and utilize this source of funding for public benefit, to finance renewable energy technology and for environmental monitoring and restoration local to global. We have prepared a detailed analysis of best practices for sovereign wealth funds. We also advocate for the elimination of inequitable resource extraction subsidies, for full transparency regarding profits generated from commons resources and for participation of civil society in decision making regarding the use of land and natural resources.

To conclude, Commons Rent, the socially generated value of nature’s gifts of land and natural resources, is sufficient to fund all necessary infrastructure and public goods without having to tax labor and production. If we do not draw from Commons Rent for the common good, economic inequality will most likely continue to grow. Financing SDGs from Commons Rent is a new paradigm economics that already has been successfully implemented to varying degrees around the world. This public finance approach addresses wealth inequality at its root.

Thank you for this opportunity to speak to you today.