

**The cat out of the bag**

The Secret Life of Real Estate by Phillip J Anderson Shephard-Walwyn, 2008, 464pp h/c, ISBN 978-0-85683-263-5, £26.95

Every eighteen years we have a real estate price boom and slump. The current depression will hit bottom around 2010. Why is the cycle 18 years and why are there these rises and falls in property prices?

Phillip Anderson looks at Fred Harrison's book, *Boom Bust: House Prices, Banking and the Depression of 2010*, for some of the answers. Cheap land and low

interest rates encourage businesses to expand production and people to buy houses. Demand for land and property pushes up prices which rise until they become unsustainable. Buyers think that house prices will go on rising, and as long as they believe this and their borrowing remains within their ability to repay, they do. When prices get beyond their ability to repay, and particularly beyond that of first-time buyers to get a foot on the property ladder, then the market will decline. If property prices get beyond their capacity to get an adequate rental return the same thing happens.

Why eighteen years? There are complex reasons which Phillip Anderson examines in detail.

Clearly if land is not owned by anyone there can be no booms or busts. He points out that land in Canberra, Australia's pleasant and spacious capital city, is not bought or sold: instead citizens pay the economic rent to the commonwealth for it. This is land value taxation. The rent is about five percent of its unimproved value and is reassessed every ten years. There is no way to capitalise the rent into soaring property prices, because the value of the site is zero. All that is needed to end the cycle of boom bust is to introduce land-value taxation for every piece of land and this will have the same effect as it has had in Canberra.

Read this book and learn about Phillip Anderson's 'real estate clock'. This plots the progress of the cycle, tells you where we are now, and where we're going.

Geoffrey Lee

Under the pressures of re-election, he refuses to give in to special interests and employs advisers from all walks, including those who you would expect to block reform due to perceived loss of power and wealth. Importantly, for anyone who feels they would lose by rent for revenue reform, it's written credibly to show that they too can be winners—and through more than material success.

The story line is evocative in that it asks questions more than it provides solutions. What is location value? Who creates it? Who does it belong to? The approach is excellent because it asks people to think hard about what is really going to produce the

most wealth for all. Given how we are dealing with the current crisis, surely this is an approach to be heeded.

The message is clear for the already informed. For the rest of us, greater benefit might have been had by repeating the message more often, emphasising links to current fiscal policy failures.

Many short chapters made it easy to read. I trust a copy has been sent to the White House.

Robin Smith

*John Stewart's recent fictional work elicits strongly contrasting responses from readers. Reviewing 'The President on AMAZON.CO.UK, Steve Bond declares the book "breathhtakingly bad...I was half way down the first page of the first chapter when it struck me that something was wrong... John Stewart is a terrible, terrible writer. His characters speak unlike anyone in real life—not in a good way, not in a 'pushing the boundaries of dialogue' way, just in a 'I can't write dialogue' way."*

*Such aesthetic critical responses, in themselves, might be disregarded, given the book's educative intention. However Bond isn't finished in his criticism. He continues: "...All this makes the book pretty much unreadable, but don't worry, you're not missing much in the way of plot either. The central political idea is that certain plots of land gain enormous value by virtue of the community that surrounds them, and that this value is not earned by the owner of the land but by the community itself..."*

*It does not strike me as a particularly earth-shattering observation, but to the President of this book it's Das Kapital in one paragraph."*

*Hmm. Regarding the communication of his message, Bond says: "John Stewart doesn't want you to miss anything. That must be the reason he spells out everything so didactically, so there's no chance of ambiguity or, God forbid, subtlety."*

*So we need to ask, is Stewart's book successful because it has brought land value capture ideas to Bond's attention: or is it a failure because it has presented him with the ideas but failed to persuade him of their importance? Then again, is a subjective 'literary quality' itself simply a 'deal-breaker' for would-be readers? Why not read the book and let L&L know what you think.*

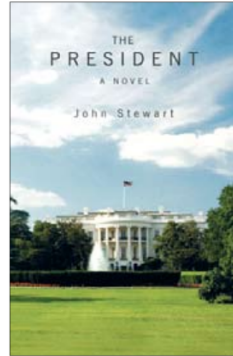
**“Yet, the ‘secret life’ of real estate is not really so secret. What’s secret is why this open secret is closed to our most prominent macro-economists. Ada Louise Huxtable said “the institutions that teach US elites to think about the modern world are unconcerned with teaching them to look at it”.**

Prof. Mason Gaffney

**21<sup>st</sup> century leader?**

The President: A Novel by John Stewart Shephard-Walwyn, 2008, 188pp p/b, ISBN: 978-0856832611, £7.95

The story follows a fictional US President who, after a Damascene moment, uniquely follows through with real action on his discovery of what is at the root of injustice: the unrequited obligation from location value.



US readers can read *The President* on their Kindle. The book is available from Amazon.com for the Kindle price of \$9.56 including wireless delivery via Amazon Whispernet.

**a quick note ...**

Islamic Land Tax: From the Islamic Conquests to the Abbasid Period by Ghaida Khazna Katbi, h/c \$95 / £52.50 (released 27<sup>th</sup> October 2009)

A comprehensive survey of the institution of *al-kharaj*—the Islamic land tax—“providing a comprehensive and minutely detailed history of a practice which evolved from an exigency of conquest into an essential pillar of the early Islamic state.”

Unlocking Land Values to Finance Urban Infrastructure (Trends and Policy Options) by George E Peterson, p/b £18.95

Asking—“why is it so difficult to finance urban infrastructure investment, when land values typically increase by more than the cost of investment?”—this practical guide “is designed to help expand the role of land-based financing in urban capital budgets”.

The Silver Bullet NEW EDITION by Fred Harrison, 2<sup>nd</sup> ed, p/b £10

The tv's first monograph in its global crisis series—looking at poverty—goes to a second edition. The book is receiving plaudits far and wide. Award winning actress and campaigner Vanessa Redgrave has said: “I admire Stiglitz, and now I admire Fred Harrison too. My promise—you will be glad you have read this book”.

The Duke by Lincoln City, ANYOLDFUN.COM

Alan Reid's *Tax the Land* song has been 'reimagined' and recorded as *The Duke* by folk-esque rock band Lincoln City. We're told the song will be available for download on iTunes later in the summer.

The Silver Bullet DVD by the tv, £6

The tv's new two-part documentary film gets to the truth about poverty and human rights. With an introduction by Fernando Scornik Gerstein, the 23 minute film sees Fred Harrison travelling through southern Africa to understand why the good political intention, aid money and rhetoric are failing to make poverty history.

An Exposition Of The Land Tax: Its Assessment And Collection (1870) by Mark A. Bourdin h/c £25.95, p/b £15.95 / \$20.95

Property Rights and Natural Resources by Richard Barnes h/c £60 / \$110

Considerations Upon a Reduction of the Land-Tax by Robert Nugent h/c £23.99, p/b £16.99 / \$13.99