

LAND COSTS AND SOCIAL PROBLEMS

Everyone needs land on which to live, work, eat, sleep or play, since no one can do any of those things without occupying land. Therefore, if everyone in the nation is to be fed, clothed, housed, occupied and entertained, then land must be as cheap as possible, so at least one useful site is within the financial reach of even the poorest of the poor.

Furthermore, those sites must be either in or within easy reach of cities and towns, since non-farmers who seek cheaper land beyond the boundaries of urban areas usually spend more on freight and transport than they save on land.

Very Uncommon Common Sense

All of this is common sense. So simple and so "common" that it is completely overlooked, not only by lay people but by professional economists and "experts" in all walks of life.

As a result, land costs are not kept at the lowest possible level, but are constantly pushed to the opposite extreme.

Rank Stupidity

From society's point of view, inflated land prices and rents are little short of rank stupidity! They exist because unused land can be withheld from prospective tenants and purchasers, until the proffered price or rental reaches an owner's "reserve" – regardless of the occupier's "ability to pay".

The results include poverty, hardship, homelessness and unemployment – as land costs (rent, or a purchase price plus interest) absorb an inordinate share of many incomes, and leave both domestic and commercial buyers and tenants with relatively little money for living and/or running costs. This virtually forces governments to tax all and sundry as they try (vainly!) to help, and saddles the nation with a costly, intrusive and cumbersome taxation system, and with an equally complicated welfare state.

Charge for the Use of Land!

Most socio-economic evils could be overcome quite quickly, if everyone who held land paid for the privilege, on a weekly, monthly or annual basis – with the land use charges being:

1. collected as revenue, in lieu of taxes on incomes, sales, etcetera, and
2. moved up steadily, until the charge assessed against each site was equal to its current market rental value for any given period of occupancy.

That simple reform will not increase overall costs of production or home ownership – at least for anyone who is receiving income and/or paying tax. But it will increase the running costs of landholding, and force all owners to:

- (a) use all the land they hold effectively, to earn income with which to meet the land use charge,
- (b) let sites to others who will use them and pay rent – from which the owner can pay the land use charge, or
- (c) allow the land to pass to someone who will do either (a) or (b).

Whereupon the supply of land on the market will reach the maximum level, and land costs will fall to the lowest possible level (whatever that may be at any given time and place). Then involuntary homelessness, poverty and unemployment will be vastly ameliorated, if they do not disappear from the face of the earth.

The Valid Solution is also Simple

The solution to most serious social problems is *that simple*. *Too simple* for those who think that everything must be complicated and hard to explain.

Or is this simple solution neglected, because most of the world's politicians and "opinion makers" (that is, those who either govern or shape public opinion) already own a more than adequate share of the earth, and are not, therefore, unduly troubled by the current, inflated price of land?

Rent as Revenue

Readers who require more information on this fascinating and not unduly difficult topic may obtain a copy of my recent book, *Rent as Revenue* – which treats the whole subject in greater depth.

Rent as Revenue 154 pages. 18 diagrams. Index. Available from: Dr. Les Hemingway, 18 Banyan Street, Warrnambool 3280. Phone (055) 61 1488 (business), 62 3921 (home). Price \$12.00. \$15.00 posted.