

JACK F. Kemp, the new Secretary of Housing and Urban Development in President Bush's administration, is interested in the problem of homelessness and is exploring it first-hand in various cities. He need not travel very far, as this spreading urban disease has also hit the nation's capital, Washington. What he and HUD come up with will be interesting to follow.

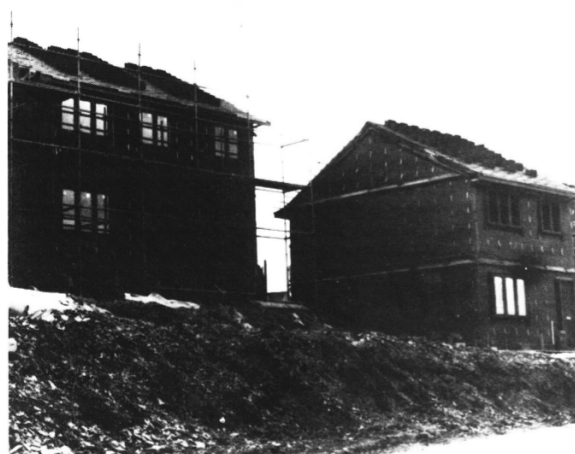
Inscribed on the Statue of Liberty in New York Harbor is an invitation to the Old World to send the "homeless, tempest-tossed" to these shores. A few generations later, many are homeless in this land of refuge. Where should they go now?

It is surprising to note that those who comprise the homeless population do not all fit the stereotype of the drifter, the lazy, the incompetent and the mentally ill. Many of them are young people, and distressingly enough, families with children. They are not all unemployed - there are people with jobs who cannot afford a place to live. Nobody has counted the homeless but their numbers are growing.

The reaction of most of the rest of the population is to get the homeless out of sight. Why not build shelters for them or convert empty buildings into shelters? With this "remedy" comes the "Nimby" corollary - Not In My Back Yard.

NOT ONLY do most neighbourhoods resist homeless shelters, but many of the homeless do, too. They say it is not safe, for there is a proportion of muggers, drug addicts and mentally ill among them. And so a considerable number would rather take their chances with life on the streets, begging, foraging, getting meals at welfare facilities and finding warm spots wherever they can. One is the network of underground tunnels and passages beneath subways and railroad stations. (Does any one remember the Morlocks in H.G. Wells' story, *The Time Machine*?).

As for those who remain visible, sleeping or begging in streets and public places, busy people going to and fro, commuting, shopping, simply walk



• New houses - with price tags beyond the reach of the homeless

From BOB CLANCY in New York

around them. One gets used to everything.

Liberals say the government is not doing enough, conservatives say it is doing too much. Liberals want the government to spend more money to help the homeless. But this follows the well-known trend when money is thrown at a problem - more and more is spent for less and less. New York City now spends over \$12,000 a year to shelter

It must be LVT for HUD

each homeless person. Bureaucracy, inefficiency and worse are the fruits of this approach.

Conservatives say that government-imposed rent controls have given rise to the problem. But this does not explain the current situation. Rent-controlled apartments are those that have been around for almost half a century and are occupied by people, mostly aging, who have been there for a long time and don't dare move. It can be argued that it is unfair for them to have this privilege while others, including many young people, are having such a hard

time finding a place to live. But new buildings are being built that are not rent-controlled. Furthermore, the homeless problem exists in places where there are no rent controls.

Despite the controls, New York has the highest rents in the country. They are simply out of reach of the average wage-earner.

This is the core of the problem. But self-evident as it is, it is avoided. Arguments instead revolve around the question of whose responsibility it is to take care of the homeless after they become homeless, rather than preventing homelessness. If escalating rents are the reason people are homeless, the right question is how to bring them down.

The best way is to reduce - better still, eliminate - the tax on buildings and to increase the tax on land values. This would give builders a greater incentive to build and decrease the incentive to hold land for a higher price. It is the high price of land with high taxes on buildings that is

QUOTE: "Every night, 100,000 American children sleep on streets, in cars or in temporary shelters. The total number of homeless people, estimated at somewhere between 1m and 3m, continues to grow rapidly. Roughly a third are working people. The poorest one-tenth of renters spend 70% of their meagre income for housing. And for the first time in half a century, home ownership is on the decline as middle-income families, especially young marrieds, are priced out of the market." - Walter Rybeck, Director, Center for Public Dialogue, Washington DC.

keeping rents out of the reach of the average person.

Years ago, New York had a similar problem of insufficient housing at moderate rentals. The city fathers then offered a ten-year tax exemption on new multiple dwellings, but the land tax was retained. That did the job - new buildings sprang up and the housing problem was solved.

This simple remedy has been proposed to New York City and State leaders in these days, but they fail to see it, or say that things are more complex, or cannot accept that such a visible thing as an apartment house should not be taxed. And so we go on with escalating rents, an

increasing number of homeless persons, and each level of government blames the other.

Now we have the federal government enquiry. It is at least encouraging that the Department of Housing and Urban Development is interested. HUD responded favourably to a seminar sponsored by the Center for Public Dialogue in Washington, bringing out the relevance of land value taxation to the housing crisis. Past Secretaries of HUD have also shown interest and we hope the present Secretary will sit up and take notice. It's high time that attention be paid to a constructive measure that has proven itself.

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Yat Sen did not follow the full-blown Georgist programme. He thought of land "value" as being land "price", and he lent towards the idea of John Stuart Mill that an incremental land tax should be put upon profits from land price. The intentions were good, but the understanding of the economics was, in my view, not quite on target.

The Taiwan fiscal system certainly embraces a land tax, but it is just one tax among many. To this extent, Taiwan is not really a better model for the world than any other free-enterprise/mixed economy. The fundamental relationship between land occupancy and use and the necessities of human existence is not expressed in its fiscal policy. Were it so, the taxation of land rents would undergird the whole economy. It doesn't!

The insufficiency of the fiscal policy in Taiwan is evidenced by a number of facts. • High land prices are a serious social problem. • Taiwan has unfortunately turned, along with Europe, and now Japan, to V.A.T., which does not tackle the problem at all. • A rich employing class co-exists with many relatively lowly paid workers who have no prospects of equity either in the land or in the businesses that employ them. In South Korea this kind of situation

has made for serious social unrest. So the ultimate benefits from "land reform" have yet to be achieved. It is an entirely new ball game from the Fifties.

WITH THE passing of the decades, there will be a convergence in the methods of economic management in the "four little tigers". They have to compete with each other, and with Japan, in similar fields.

For what my opinion is worth, given the proven record of competent management that the Taiwan administration has constructed, it will gain the edge on the others only if it drops, for one thing, the burden of V.A.T. and relieves itself of the burden of high land prices by treating land rents as its major source of revenue.

Henry George drew the distinction between "young" countries where land was still comparatively cheap, and the tired old countries of Europe where the land had become fully monopolized. Taiwan is still a vigorous, young country. It ought not to allow the private capitalization of land prices to turn it into a tired, old country.

Sun Yat Sen had his dream for China - it is spelled out in *San Min Chu I*. That dream must never be allowed to fade. Dr Li's book is reassuring in that, given the will, Taiwan has the expertise to ensure that this need not happen.