

LAND PRICES THREATEN THE ECONOMY

“AMERICA'S Biggest Industry Monthly for America's Biggest Industry”—House & Home, in its April issue, contains a number of articles and references of interest and value to Georgists. “Needed: New ideas for high density land use,” introduced a bulletin with 50 different land plans for new and expanding communities.

“Squall signals are up for speculators,” reported several states selling less land on the monthly basis. This was partly attributed to the fact that in Florida, Arizona, Nevada and California stiffer regulations are being applied.

An editorial states, “Renewal critics complain it enriches slumlords,” and suggests that the unfortunate side effects of the federal program are now widely seen, but that the economics of keeping cities solvent is not yet seen. “Low rent housing is the *least* likely to induce privately financed redevelopment alongside it.”

Apparently House & Home magazine is still receiving letters congratulating them for their views on tax reform. “The entire nation owes you a debt of thanks for your sound and mature thoughts on undertaxation of land and desegregation in housing,” wrote a Houston correspondent.

But the longest article is “An open letter to the President in response to his housing message”—six pages of intensive analysis of the federal proposal for which “there is no quick or easy solution.” This problem, it states, “can be solved only by a radical program (meaning, literally, a program that attacks the problem at its roots).”

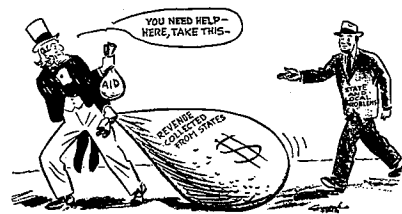
Five major roadblocks are then enumerated which cannot be removed by bigger subsidies or more liberal spending, but “can all be eliminated or minimized at no cost to the tax-

payers by new fresh thinking and new vigorous leadership.” These roadblocks as outlined are: 1) The high cost of code chaos, 2) The high cost of real estate transfers, 3) The high cost of undependable financing, 4) The high cost of land in cities, and 5) The high cost of land in the suburbs.

“The No. 1 reason city land costs too much is that city land is so underassessed and undertaxed,” we read, and again in the suburbs undertaxation makes it easy for land speculators to hold millions of acres off the market, including much of the close-in land that should be developed first. This creates an artificial shortage and sprawls the suburbs further afield.

“Local governments subsidize land speculation by underassessing and undertaxing underused land; states encourage land speculation by setting low limits on land taxes; the federal government subsidizes land speculation by letting speculators deduct their costs from ordinary income taxes and then cash in their profits as capital gains,” the letter states. “Land-price inflation is no longer a local problem, for land prices are now swollen to the monstrous total of nearly half a trillion dollars,” threatening not only the building industry but the whole national economy.

Refund



—Courtesy of Carmack, and The Christian Science Monitor