

position has become worse over the past few years.



## U.S.A. HOW RENT MAKES POVERTY

*Ed: Maybe this should have been classed as an article rather than news, but this opinion piece has so much practical relevance as to be equal worthy of a news spot. Of course, with soaring Australian rents, similar social problems can be expected here. Our contributor, Julian Edney, holds many esteemed academic qualifications and has written noted treatises on the topic of greed. These are extracts of a much longer piece, certainly worth a Google.*

A recent Los Angeles Times article shows an increase in child poverty to be connected with housing costs which are spiralling out of reach. Real wages are down again, while living costs are spiking: a second report in the same newspaper shows the asking rent for Southern California residential units now averaging \$1,413 per month, far above a working class family's means. To keep a roof over their heads, many are moving to unsafe neighbourhoods like Central and South Los Angeles, working multiple jobs to pay rent, and living in seriously overcrowded units, causing the children to suffer. South Los Angeles statistics resemble those of some third world countries: poverty rates are high (over 30% in some zip codes), the children's schools are abysmal, child disease rates are high, birth weights are small, and violent crime rates are high. Fear, poor nutrition and bad education all ripple forward into the children's adulthood, perpetuating the poverty.

The cause is rent.

Henry George makes his general principle that "as land increases in value, poverty deepens." Classically, Adam Smith claimed that all the efforts of people seeking self-interest lift a society up, acting as a giant wedge driven under the society. Henry George said that rents actually tend to force the poor further down; the wedge is driven through the society. Rent is the culprit, he said, it is the thing that prevents a free

market society benefiting everyone. It is eviscerating. It accounted for the widening inequality of his day, and he had powerful descriptions of American cities in which widespread destitution could be found in the midst of the greatest abundance. Since the law supports the haves, rent is legal robbery "...not like the robbery of a horse or a sum of money, that ceases with the act. It is a fresh and continuous robbery, that goes on every day and every hour... a toll levied constantly and continuously...it debases, and embrutes, and embitters."

Another recent Los Angeles Times article describes the slow panic now spreading through the working poor in old neighbourhoods like Echo Park and parts of Hollywood as building after building is remodelled and street after street is gentrified. Rents are bracketed up, tenants are forced out, and they can only find more expensive places to live. Los Angeles rents have jumped 82% in the last 10 years to an average of \$1,750. Nationally, rents are so far above wages that of the 3,141 counties in the United States, in only four of them can a person making minimum wage afford a one-bedroom apartment.

Henry George's solution was to tax land values to the point that land ownership – especially land monopolies – would become unattractive. It is a general point that free markets do grow wealth, but they also grow inequality. New health studies show that unequal communities, states, and nations all have higher rates of certain diseases and shorter life expectancies than do egalitarian communities. If you live in an unequal society, your environment is more violent, and the steepness of the inequality predicts a raft of social ills. (Separately, poverty is correlated with poor health.)

So an obvious policy direction is to rebuild equality. That idea threatens trickle-down ideology, so there will be enormous resistance. But we have new economic evidence that wealth actually grows stronger when there is more equality.

Renters are everywhere. 61% of Los Angeles families are renters. But there is a glacial quietness on the topic of rent. Among people who benefit from this silence are landlords

who consider themselves sensitive to social issues. They do not want to talk about rents.

Business is business, but for poor people, rent is always the biggest expenditure. Millions and millions of families are just getting by. There are others who have to choose between shelter and food. For all these people, rent is fear. Our national child poverty rate has been reported variously at 17% and at 20.3%, but in Los Angeles County it is 24.6%.

Real, practical changes will not begin until poverty is reframed back from a dollar quantity to a moral problem for the nation. Rent should be made an open topic – and a point of accountability.

