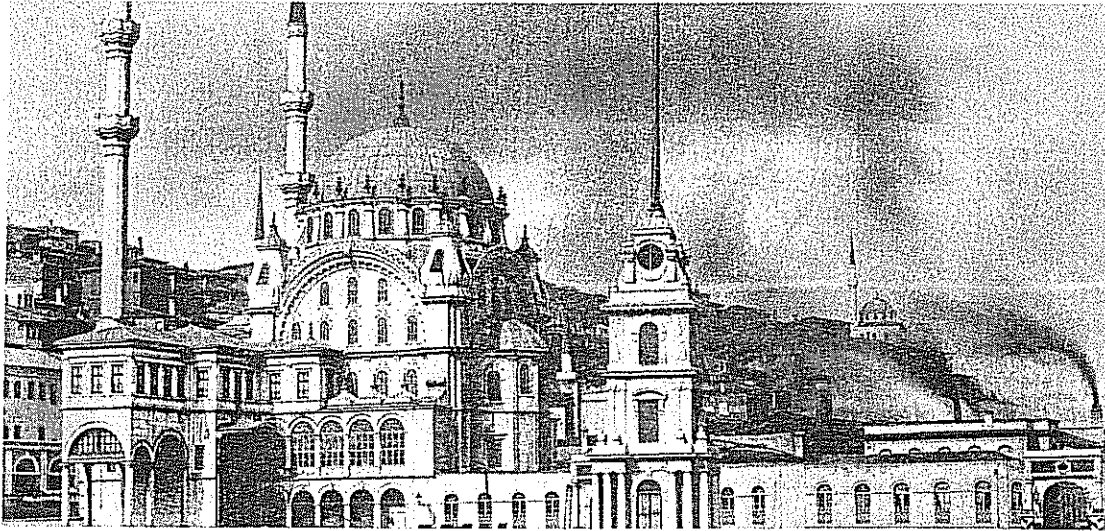


# A Georgist Abroad

FROM OUR CORRESPONDENT IN TURKEY: Karl Williams



There are few places in the world with such a long history and rich culture as Turkey, but there's no set of artifacts or traditions that can defy the Law of the Land. That is, if the rent from land and natural resources is not collected then economic disarray is sure to follow, no matter what.

It had been over twenty years since I'd hitch-hiked round Turkey, but now that I'm a married man I stay in places a few grades above my old flea-pit haunts. My Baby's a great walker and is up for just about anything, so we had plenty of close encounters of the Turkish dimension, and here I have to emphasise just how friendly and helpful we found the locals. And, for a place that has had tourists for centuries, there were surprisingly few attempted ripoffs.

Who doesn't love to hate parking inspectors? Well, you ain't no geist if you do hate them, I'm afraid, for if anyone wants exclusive use of a valuable piece of real estate then they should reimburse the rest of society. Parking fees are just another form of site rent payable to the public purse but, of course, fees at natural monopoly situations at privately-run airports are something different altogether.



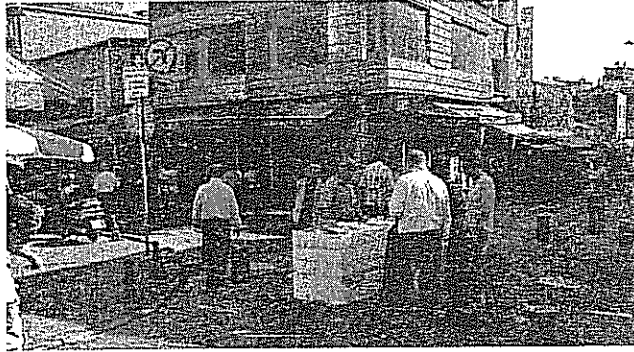
I'm giving parking inspectors a big rap only because beautiful Istanbul is ruined in many areas by cars parking anywhere and everywhere, such that pedestrians are often negotiating their way around them and vehicles are continually frustrated by them, especially off main roads. A partial answer has been to erect bollards alongside roads, but only a well-enforced first world country can properly employ a system of parking fines where the offenders are forced to pay.

But in many other parts of Turkey – particularly in ancient quarters where roads are narrow – an enlightened pedestrianisation has occurred. When you've been strolling long enough in the complete absence of cars then you soon realize that cars are part of the evil empire and their owners should pay for the True Cost of not just the polluting petrol they consume but for the noise, danger and downright uglification of anywhere they're allowed to go. I've stayed on some great intentional communities in Oz where cars are no longer masters, and have to be parked well away from where people live and move – a simple system of common wheelbarrows to unload goods from vehicles is certainly worth the minor inconvenience.

The tail is wagging the dog everywhere else. Cars were meant to be our servants but now our urban landscape has been so influenced by the car culture that the cityscape (especially outside the inner area) is extremely car-dependent. And yet whenever we bathe in the ambience of a car-free zone we suddenly recognize how people-friendly it is and wonder how our innate preferences got hijacked.

The tax system can't do everything, I admit – I've been trying to get it to do the washing up for me for years, but it

still won't obey. But at least I can get it to roll back this car craziness. You want to drive a car? – that's your choice, but you have to pay for all the underlying noise, hospitalisations, hard surface run-off, greenery destruction, air and rubber particulate pollution, and massive costs of road construction and maintenance. If you can't present proof of off-street parking then you get hammered by increased motor rego. What's your tested noise pollution levels? – that'll be factored into your rego, too. Risk of runaway climate chaos looming? – as well as pollution costs factored into petrol prices, your vehicle's tested emission levels will also affect your rego.



The old quarters of Istanbul offer endless ancient streets and laneways to explore, and the visitor will there frequently encounter street hawkers. What's wrong with buying sunglasses and umbrellas off the street, especially if they're cheap? Simple – it's just not fair, and street hawkers undermine an orderly taxation system.

Shop owners pay their local and provincial rates, although in Turkey the rating regime is basically similar to Western countries (i.e. the site rent collected is miniscule and misapplied). But those businesses do, in general, contribute to the public purse in rough proportion to the value of amenities provided to their premises. And, of course, having a fixed location means that they really can't evade their societal dues.

However, street hawkers can locate themselves in the best locations and evade their dues, and this is how they can often undercut the fixed business, even with all their inefficiencies of daily setup, physical discomfort and the need to be pushy to sell. Is it any wonder why businesses get irate at hawkers and, as many hawkers are newly-arrived immigrants, it's easy for racial issues to inflame this situation.

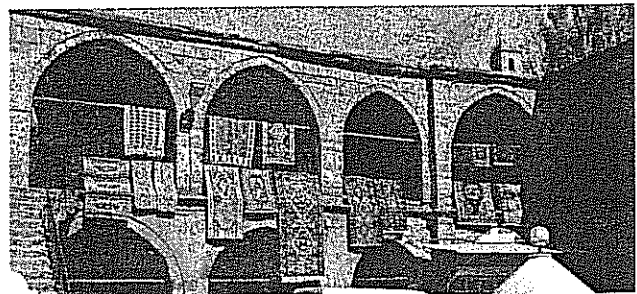


There are important social issues involved here. Social fabric is strengthened when we build a relationship with our local provider of goods or services, and there's incentive to provide higher quality service because a dissatisfied customer knows he/she can return there. No such sense of community or inducement to provide quality exists with street hawkers – it's little better than buying from some dodgy stranger in a pub. And I wonder if the trend towards online purchasing has factored in the loss of face-to-face contact with a local person with whom you've had an ongoing relationship? I think we can all guess the answer on that one.

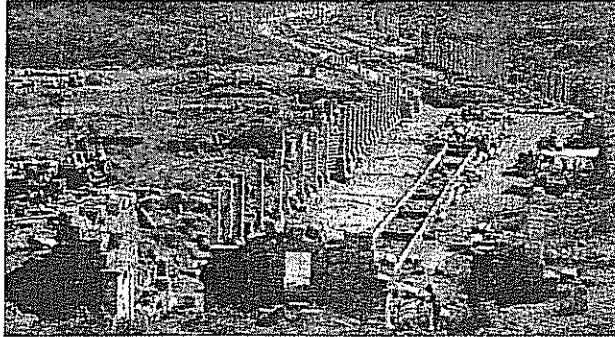
The last place in Turkey I'd ever visit is that grossly-nationalistic glorification to the military, Gallipoli. But I did cross paths with the hero of the Turkish side, Mustafa Ataturk, in the ancient city of Kayseri in central Turkey. Here there was an old-style Ottoman house that had been turned into an Ataturk museum. In Turkey, the guy is a demigod, with severe penalties for offending him in any way (almost as bad as the lese majeste laws in Thailand). But here I met a local guy who told me a curious story indeed.

The house in question had the status of a pilgrimage site because the Great Man himself had made it his home when he was making his reforms which brought Turkey into the 20th century. Shortly after he died in 1938 the national government sought to buy the property to turn it into the museum it is today, but there was a problem – with the modernization and stability that Ataturk had brought, land prices had skyrocketed. The price the government was offering to the owner had failed to keep pace with the market, and the owner wanted his windfall profit, just like everybody else. But the government wouldn't budge and so the "greedified" owner burnt down the house rather than settle for less! The house that hosts the museum today is actually a faithful period reproduction of the original (not that there's any acknowledgement of that). A perverse economic system has perverse outcomes, as we see all-too-often.

The history that stretches back untold millennia is one of the great drawcards of Turkey, and the government rightly tries to preserve its heritage. On a previous visit I had a tangle with the bureaucracy over a 50-or-so year-old rug I bought, as anything that looks over a hundred years cannot be taken out of the country and must be certified as being under that age from an inspector from the department of antiquities.



Imagine, then, the holdups and hassles when constructing a house or a road. There are sometimes layer upon layer of archeological material that must first be carefully inspected and documented. With an inadequately-funded inspection office, the result is that construction is often held up for years until all is done by the book or else illegal construction will take place surreptitiously, obliterating all historical traces. It must be recognized that monuments of all sorts often come at an enormous cost, even in countries like Australia (just look at the incredible value of prime land occupied by our cemeteries).



Where land is rightly monitored closely by a government (which would **not** then monitor the personal affairs or business dealings of its citizenry!), this problem could be more properly resolved. A realistic assessment of the cost of maintaining monuments and relics could be undertaken, with the best material identified for preservation. The land-owner should not have to suffer the consequences of construction delays insofar as those inevitable delays would reduce the value of the land to zero during the assessment. And the loss of annual site rent by the government should act as a sharp incentive to promptly perform whatever historical evaluation is necessary.

A related injustice is how owners of historical dwellings are prohibited from demolishing them or renovating them unless done in an authentic (and extremely expensive) manner. If your dwelling is given an historical accreditation then it may well become an economic liability to restore – more frequently, the property lies unused for decades because the owner can't afford the sometimes-astronomical restoration cost .... and so it instead crumbles away.



Look at Melbourne's outdated public transport infrastructure and how each state government comes into power promising to rectify the situation but only delivers grand 20-year plans but nothing on the ground. For lack of land value capture of such massive government spending, plans either lie gathering dust or else are given to extortionate toll-extracting public private partnerships.

So hats off to Turkey for firstly concluding that the true cost of urban sprawl is horrendous, and that the best all-round urban planning is of a much more compact cityscape with lower infrastructure rollout costs and quicker travel times through quality public transport which can service this smaller area. Most cities have modern, cheap underground rail networks or surface light rail and there's even a high speed rail line being built across the country. These works are partly financed by a small but not-insignificant land tax. Of course, it's nowhere near as high as it should be and it also penalizes improvements, but these are the rates which apply, with no apparent exemption for primary residences (to quote):

#### **Buildings and lands owned in Turkey are subject to real estate tax at the following rates:**

- Residences 0.1%
- Other buildings 0.2%
- Land 0.1%
- Vacant land (but allocated for construction purposes) 0.3%
- Farming lands 0%

But all this history, culture, ancient traditions .... this really isn't the Turkey of today. It was only towards the end of our trip that we left the Turkey of old and encountered the new Turkey. Staying at the atmospheric old city of Antalya on the coast, we jumped on a bus to do a day trip out to see some of the well-preserved Roman ruins. Suddenly we were in a different world.

The Turkey that is seen by over 95% of tourists is that of modern beachside developments, driven by a real estate feeding frenzy, with wall-to-wall billboards along the highways proclaiming the fabulous land investment deals. The Antalya of 50 years ago had a population of 40,000 whereas it's now pushing 1.3 million, but it's outside the city along the coast that the "real" Turkey of today is to be found.

What really boosts land values here is the weather. Because the coastal mountains shelter the coast from cold inland air, for 10 months of the year the Antalya coastal region has the perfect sunbathers' climate. Most of Europe is just one or two hours' flight away, and the huge international airport has planes landing every 3 minutes on weekends.

And there's plenty of accommodation that the 10 million annual visitors have to choose from – in terms of 5-star-hotels alone, there are around 890. It was all rather gross to us with hardly a shred of the traditional Turkish culture we had been enjoying. But with land speculators now so entrenched and the amounts of money involved in this so-called development so colossal, honest politicians will find it hard to stand up to the land price bubble that has been inflating. We know what has happened after the coastal real estate bubbles of Spain,

Greece and Portugal have collapsed, yet the neoclassical economic world somehow thinks that the same won't happen in Turkey. We live in strange times, indeed.

*Next issue: If it wasn't for what occurred between a father and his son 40 years ago in one of the world's two sultanates, your correspondent would never have been able to visit Oman. There's certainly no place like it.*

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