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WHY PEOPLE CAN'T GET JOBS

**THE CAUSE AND CURE
OF UNEMPLOYMENT**

*An economic interpretation
of a theological concept.*

*With compliments,
Ken Grigg*

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PARADISE: The Age of
Innocence in the Garden of Eden

WHERE people come together, they mutually improve the conditions for each others' LIVELIHOOD. In doing so, they confer particular advantages upon the localities where they live and work. As an example, think of the difference between the sands of the Simpson Desert and the sands at Surfers' Paradise! If these advantages can be shared in, then each member of society can share in the improvements in livelihood. That, surely, is how things were meant to be!

" PARADISE LOST : The Fall

However, because the location of land is thus made more desirable, competition in the market for land inevitably makes it dearer: its rental value goes up. As a result, it the land owner, be he big or small, who skims off the value of the improved conditions in livelihood. This is how the rich get richer and the poor get poorer. So, the greater the advances within society, the harder it becomes for most people to be able to share in them!

" PARADISE REGAINED "

This is the great paradox and injustice within society - and it can't be cured by artificial wage increases, nor can summit fests fix it! It is a problem built into the very fabric of our economic system, and our current economic difficulties must be seen within its long-term context.

But the problem can be solved. The answer is to socialize the land rentals: as the community develops and its land thereby becomes more valuable, the increased rentals can be collected through the taxation system, so that everybody can share in the benefits. In fact, such a collection is really not a TAX at all. It is a community-generated, community-earned, social dividend. It is a virtual bonus, the collection of which does not eat into the due earnings of labour and capital.

But if land rentals are NOT socialized, then land becomes increasingly valuable as a private investment for which large capital sums can be demanded. If the demands of land price at often grossly speculative levels are not met, then land will be held out of use - a virtual "lockout" against both labour and capital. The result: widespread unemployment. And even if land can be obtained, it is often on terms so dear that the nett returns to labour and capital are poor. The game's not worth the candle!

Right now we see the evidence of this working out in front of our very eyes. The late sixties - early seventies were a time of intense land speculation, not only in Australia, but overseas. And the inevitable, the unheeded, has happened yet again!

Because people are so indebted with interest and mortgage repayments - to say nothing of taxes - they cannot afford to buy consumer items. So retail sales fall off, manufacturers lack orders, and lay off employees. This is how the Depression snowballs.

The take-home message for us all ought to be Good News - that in the land rentals fund lies the source for the enrichment of us all - no poverty, no involuntary unemployment.

But a crash will always follow a boom, with hard times the rule, UNTIL community revenue is drawn, not from taxes, but from land rentals.

The remedy lies fairly and squarely in the hands of the Government.

Perhaps you're still not convinced? Then here's an invitation: work out your own words of comfort for the eighteen-year-olds, unemployed today, who will be of marriageable age within the next five years. Tell them how they're going to afford a \$10,000 - \$20,000 block of land, let alone get started on the house!

Imagine that the Duke of Westminster, Lord Vestey and sundry Arabs and Asians between them owned the whole of the Australian continent. (They're on the way to it!) If we, the local peasants, didn't have to pay taxes besides, then, on present reckoning, the competition amongst us would bring their rent roll up to something like \$40,000 millions annually. Not a bad unearned income for mere land investment. And, of course, the harder WE might work would all add to THEIR perk, for UP would go the rentals!

Now then - forgetting the Arabs and the others - the land rentals from Australian real estate could easily be siphoned off as the prime source for public revenue. (They are generated from community growth, anyway.) And if that were to be done, then unearned capital gains would be diverted before they could arise, and the price of land would tumble. It could no longer act as a lockout against labour and lead to recurrent cycles of economic recession.

Now wouldn't that cure at their origin most of our economic ills - not only unemployment, but inflation, high interest rates and Surfers' Parasite-style tax evasion ?

A practical policy:

SUPERANNUATION FUND ←
A NATIONAL DEVELOPMENT FUND
FINANCED FROM
LAND RENTALS

WHY NOT ?