

## OUR APPROACH.

The essence of the problem is, that - a century after Progress and Poverty - rent is still not being collected as public revenue. Even if a start is made NOW by taking a small part of the land-value by taxation, and the proportion is gradually increased, the part left in private hands is likely to amount - by the time the final goal is reached - to more than would be paid for the land if it was bought at today's selling price. It would therefore be cheaper for the taxpayer to buy now, provided that the land purchased by the community is let on lease under conditions that provide for the rent being revised annually to allow for the general rise in land-values and for inflation.

The Grondvest-pamphlet published in Januari 1976, gives for a district in The Hague a table showing the implications for the municipality of a typical purchase. It is assumed that the municipality buys a plot of land for f 25.000 by means of a 25-year mortgage at 9 % interest, and lets it at a rent which initially is equal to the interest-rate on the mortgage (f 2250) but which increases by 7 % each year as a result of inflation. With annual repayments of f 1000 and interest payments decreasing as the mortgage is paid off - and with the rent received increasing in money-terms as inflation reduces the value of the money - the annual balances are adverse for the first four years, but are favourable thereafter. The total balance becomes favourable from the ninth year onward and, over the whole period, the investment is shown to be a very good one for the community. On the figures assumed in this example, the municipality would receive a rent of f 11.500 in the 25th year and the total balance over the whole period, at f 88.627, would be three-and-a-half times the initial investment.

Therefore I consider that it is more effective to talk to politicians about the practical matters with which they are immediately concerned, then about economic principles they may find more difficult and less interesting. Therefore I approach the chairman of the finance committee saying: "You can earn a lot of money for your municipality, listen". Or better: "LOOK", for they are apt not to listen. Therefore I show him a table of figures (yes, figures, instead of economic laws which bore him and which he cannot grasp). Result: one councillor after another shows up to ask us how to do it.

To start with, land should be purchased when it is offered for sale. Most land is offered for sale at least once in a generation so that, after some 25 years, the greater part of the land would be rented for the benefit of the people. Since most plots of land in towns have buildings on them, this means that the local authority would step in when a property is put on the market, buy the land and lease it to the owner of the building. In the Netherlands no additional legislation is necessary to enable the local authority to do this, though a draft legislation is now under discussion in parliament to give local authorities the right of preference to buy land that is offered for sale. In my opinion, they should be compelled to do so. I think that after some ten or twenty years, may be the masses might catch on and take the remainder at once, by taxation or else.

## CONCLUSION.

In Australia and New Zealand they are accustomed to shift the rent by a poll. Such doesn't exist in our country. You may deplore payments for titles to land, but in Holland there is absolutely no other way out than to purchase and lease. And every day the start is postponed, we lose the rent for the whole country! Moreover - every increase of the rate in cents per dollar of the market price of the land, lowers this market price. So land-value taxation takes besides the rent, the capital property as well. Specifically only from those who happen to own land. With every increase of the rate we rob their capital too. So on every occasion they will fight for a decrease of the rate, as they do in New Zealand, because they see their capital gains as a 'glittering prize'. In my opinion the Canberra disaster is due to the fact that private owners were robbed by the tax. If we purchase the land we'll have far less opposition.

If an owner of land is injured by taking his rent by the community, he has to be indemnified by the taxpayer by whose consent he purchased his site. Our trick is that because of inflation and increasing land-value, it can be calculated that indemnification can be paid down within 15 or 25 years. Thereafter the people need not be fined by taxation any longer.

Purchasing land by the municipality is not so dramatic. Should the municipality buy raw land for a new quarter? They improve the land with leveling, streeting, piping, cabling, lightning and parcelling out. They use to sell the sites for about 5 times the purchasing price of the bare land. Now, if a contractor builds a house on this land and sells it with the land underneath inclusive, the purchasing price of the site for which the municipality sold it, amounts to about a fifth of the price total for the dwelling. So purchasing-cost of the municipality (the 'compensation'!) of the land amounts to only some 1/25th of the layout of the dweller. Not unbearable for a houseowner. Therefore discussion on compensation is on a nuisance.

There will still remain another paramount reason to buy the land by the community. Not for an economic reason, but for a psychological one. As long as land will be called 'personal property', you spoil your principle and you give them a foothold for opposition. On the contrary, if the land is leased, there are no private owners any longer. The renter is not owner. As soon and as long as the correct rental value is charged, there will be no selling price and no landmarket. But only a rentmarket. A market comparable with that of renting farmers on land of a landlord. Farmers pay full rent, they pay no capital value. Farmers do not speak or even think in terms of capital values. During centuries already only the rental value has been in their minds.

It is a wrong - socialist - idea that the land should come "into the hands of the community". For the community immediately puts it "into the hands of the users" by means of a lease. Grondvest is not interested in land - only in the rent. The rent to be paid will be the market rent, so that the land will have no selling price any longer. And this rent will be adjusted every year to the market value in that particular year.

In addition, Grondvest also offers guidance on the practical steps to be taken. We present draft conditions of lease and show how rent can be reassessed annually by means of a land-rent map showing the 'basic' rent (i.e. the rent in the first year) of each plot of land; and a multiplying factor which is fixed each year, f.i. in the light of available evidence from land sales during the year, or else.

Don't start with difficult examples, but take the easiest cases first. It will be an eyeopener for the people, and that is of paramount importance. The dogmatic way has had almost no success during a century. Well then, grant me to try it another way round. Let me be 'in' and on speaking terms with this people. Then at least I'll have the opportunity to indoctrinate their minds and to turn and twist them along our line. Up to now we have been only silly idealists - in their eyes at least - with unworkable propositions.

Maybe you are nevertheless of the opinion that we embark on the wrong wagon. But if we manage to curb the track and end up at our common goal, you will applaud nevertheless. That is MY way of doing something about it.

#### CHALLENGE.

What is't that You DID ?

It's the value, it's the annual value, created in coöperation of the unimproved land that has to be returned to our common treasury.

Did you ask the member you voted in the council to do so? Did you write him a letter asking him to do so? Did you argue that whenever the community has some land in possession, never to sell it but only to lease it at the full commercial rent? Didn't you think this is the easiest way to make at least a tiny beginning - giving it as an example! Didn't you tell your councillor that the municipality should buy every parcel advertised for sale, and lease it?

Problems?? NO!!! Many individual contractors give the example: they DO so! They buy raw land where they can, and lease it to willing dwellers who wish to build on it. There are examples that the contract rent is adjusted yearly! In private hands IT WORKS - why not in the hands of the alderman in charge of finance? Imagine him to do business for a while in a land leasing company to learn the job how to do it on commercial terms. Exactly in the same way he should

lease OUR country for OUR benefit !

## Something to ponder !

### CAN GOLD BE A STANDARD FOR MONEY ?

1. Gold is a gift of nature. Gold is already somewhere - on or in the ground. It is there already for millions of years. But:  
How can a gift of nature - a GIFT - something that as such costs NO money, ever be a standard for money..... ?
2. Most of it is deep in the earth. You have to mine the ore, to refine it and to carry the goldbars to the consumer. All this labour has to be paid for by money. But:  
How can specifically the amount of labour for excavating, refining and transportation of gold, be a standard for money..... ?
3. The owner of a goldmine has a privilege. The South African Republic for example. You have to pay for it if you wish to make use of such a privilege: a royalty. But:  
How can a privilege ever be a standard for money..... ?
4. Gold is scarce. Something that is scarce can be expensive. Is that the reason why you have to pay a lot of money for gold? But:  
How can scarcity ever be a standard for money..... ?
5. You can hardly have any use for gold. A little bit for jewelry and golden teeth. But the bulk of it is buried in the vaults of banks, such as Fort Knox. But:  
How can the usefulness of gold ever be a standard for money..... ?
6. Remarkable is the fact that if a country has no faith in the value of the money of another country, nevertheless both have confidence in gold! Then the coin of both countries is valued in grains or ounces of gold. But:  
How can good faith ever be a standard for money..... ?
7. Hundreds and thousands of years already it is a tradition to use gold (coined or not) as a medium of exchange. But:  
How can tradition ever be a standard for money..... ?
8. People will HAVE it. One is not aware why, but one is prepared to pay a lot of money for to 'have' gold. Just as jewels, rock-crystal, red coral, pearls, etc. Man is ever longing for a thing of beauty. But:  
How can 'beauty' or 'desirability' ever be a standard for money..... ?
9. It is suggested to use the unit of energy as a standard for money. But energy is a gift of nature, whether waiting already millions of years in the earth, or a daily gift of the sun. So for energy the reasoning is the same as for gold:  
How can a gift of nature ever be a standard for money..... ?
10. If one performs something, he can barter his performance with that of another man. This can be postponed by way of an evidence of promise: money.  
Indeed: the only possible standard for money can never be otherwise than a human standard, a specified quantity and quality of human exertion. F.i. a haircut. Long ago it has cost me a quarter, today ten guilders. That much the guilder is debased. For the exertion, time and capability required, as well as the tools used, are still the same.

### CONCLUSION.

Gifts of nature - gold or energy - are gratuitous, and as such cost no money.  
Therefore gold, energy or whatever gift of nature, never can be a standard for money.

Money comes into being as an I. O. U. between people. Therefore a standard for money only can be a human standard - a standard exertion, as f.i. a haircut.

Therefore:

A STANDARD FOR A MEDIUM OF EXCHANGE NEVER CAN BE A "THING".

THE STANDARD FOR MONEY IS A UNIT OF HUMAN PERFORMANCE.

N.B.

Indeed an 'ounce' of gold is a yardstick with which a rate of exchange can be measured.  
But such a yardstick is far from being a 'standard' !