

Conflict / Hope

A Tale of Two Desires

Martin Adams, April 20, 2023

Common Wealth Canada

Thank you to Floyd Marinescu + Team

commonwealth.ca/report

The screenshot shows the landing page for the report. At the top is a dark blue navigation bar with the 'common wealth CANADA' logo on the left and links for 'Issues', 'Endorsers', 'About Us', 'Learn More', 'FAQ', 'Blog', and a Twitter icon on the right. A blue button labeled 'Read Our Report' is positioned in the top right corner. The main content area features a large blue map of Canada in the background. On the left, a headline reads '>\$420 billion/year of common wealth that can be put to work for Canadians.' Below this, a paragraph states: 'We identified the economic rent in Canada's commons that can be collected—without impacting economic productivity—and re-invested to benefit everyone in Canada through lower taxes, cash rebates, and public investments.' On the right, there is a section titled 'Read the Full Report Summary & Highlights Below' with a link to 'Read the Full Report'. Below this is a thumbnail image of the report cover, which includes the year '2023', the title 'NATURAL COMMON WEALTH AND ECONOMIC RENT IN CANADA', and the authors' names: 'Ben Earle, Liam Wilkinson, Floyd Marinescu, and Ken Yang'. At the bottom of the thumbnail, it says 'common wealth CANADA'. Below the thumbnail, a red text label reads 'Work-In-Progress Draft for Feedback'.

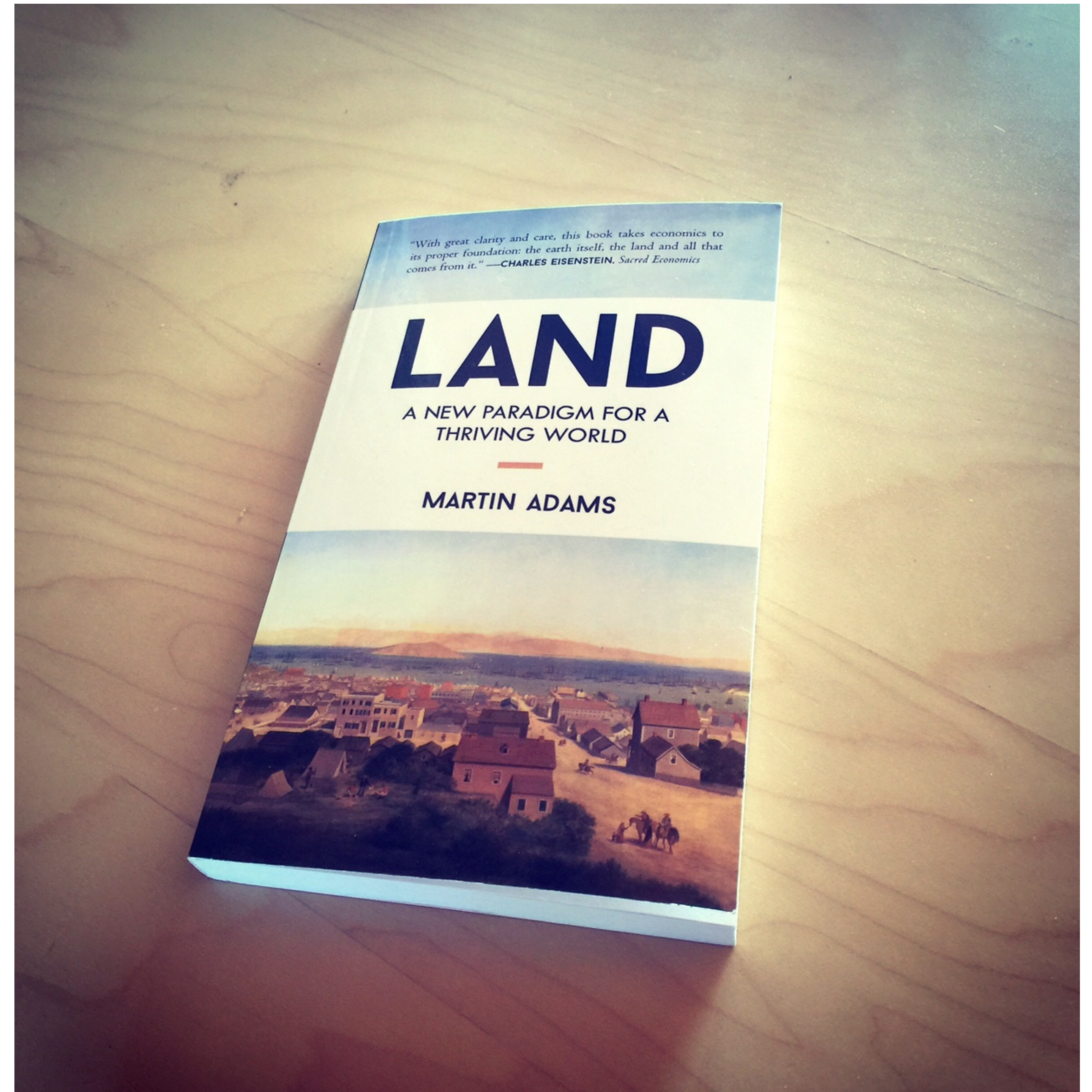
Land Acknowledgment

Vancouver is located on the unceded traditional territories of the $x^w m\theta k^w \acute{e}y\acute{e}m$ (Musqueam), $S_k w x w \acute{u}7 mesh$ (Squamish), and $s\acute{e}lilw\acute{e}ta\phi$ (Tsleil-Waututh) Nations.

- Purpose of land acknowledgment: truth → awareness → reconciliation
- People who suffer most today are those whose land we took
- Land acknowledgment is highly relevant to this talk; we are seeking a new relationship to the land we're occupying and to the people we've taken it from

About me

- Author of *LAND: A New Paradigm for a Thriving World*, published by North Atlantic Books out of Berkeley, California.
- You can buy my book online, at your local bookstore, or read it for free at unitism.com/land



Preface

- A lot of material to cover, so I'll be zipping through slides.
- This talk is being recorded, so if you need to revisit something, you'll be able to do so with the recording.
- If you have any questions, please write them down; you'll be able to ask them at the end of the presentation.

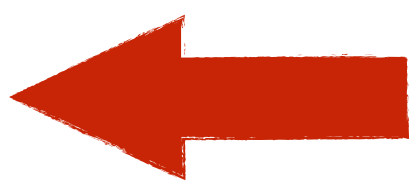
Land

What's the big deal? Why is it important?

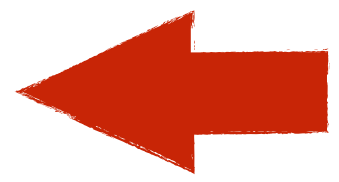
**What if I told you that from now on you
had to pay someone each month for the
air you breathe?**

We have to pay for the location we inhabit
– usually to a bank via a mortgage or a
landlord via a monthly rent.

Most of that mortgage or rent cheque is location value.



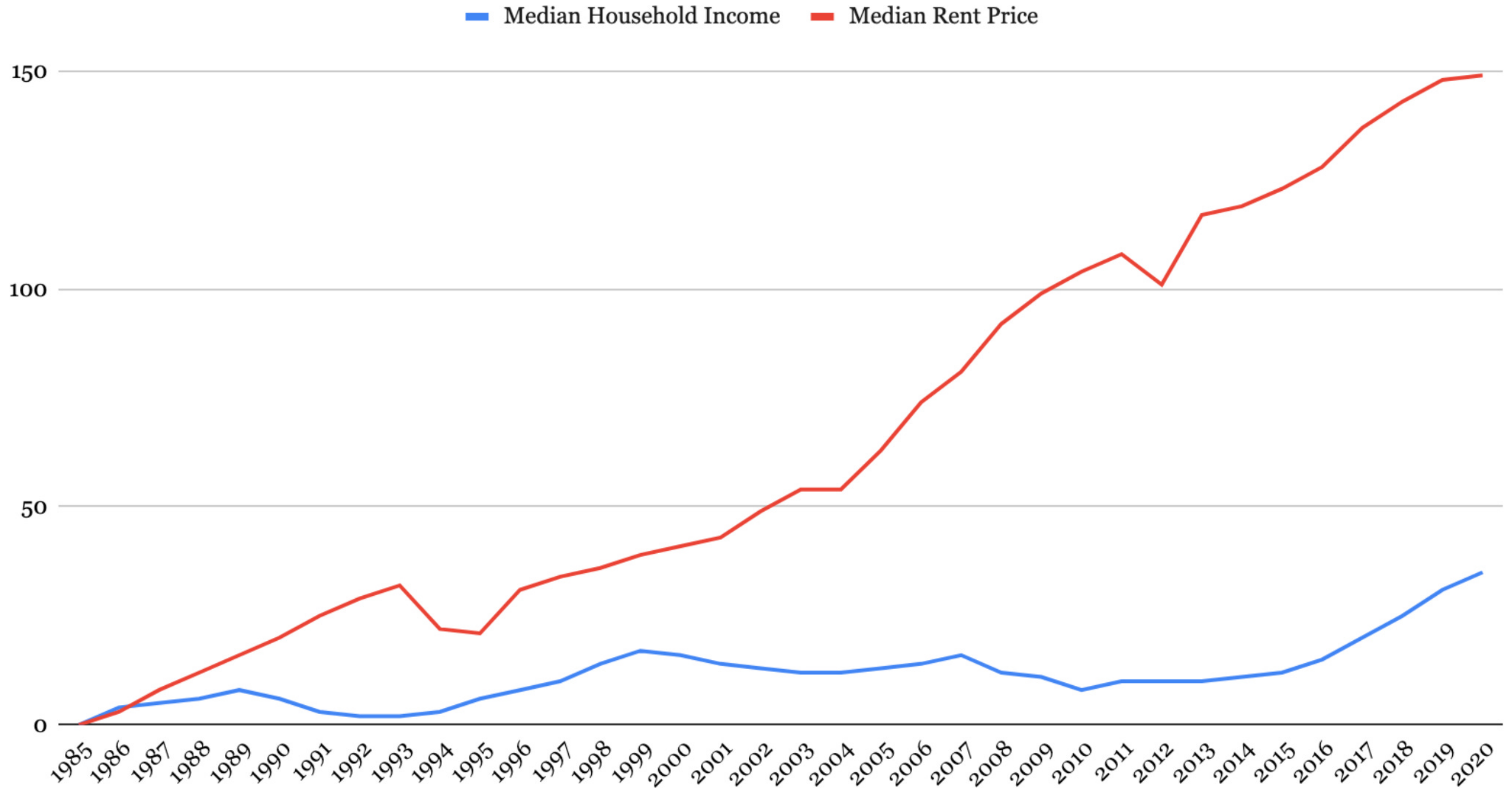
~20% Building Value



**~80% Location Value
= Rent**

**Fact of life, yes?
Been that way forever, no?
What's the problem?**

Percent Change In Median Household Income and Median Rent Price



**From 1985 to 2020, rents* have increased
4x more than incomes.**

***rents, not just housing prices**

**Rents *always* increase faster than wages
over the long run.**

**People are literally being
priced out into poverty.**

How do we fix it?

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But I'm not here to talk about the technical implementation of the solution. This talk is about the why the solution to this problem is harder than you think.

At the heart of this issue is our collective relationship to property, to land.

**We view it as an investment,
not as a commons.**

Conflict between two desires in society*

*I define a collective desire not by what our society says it wants, but by looking at what society *is doing*.

Desire #1

Higher Property Prices

Economic Growth

Leads to Higher Property Prices

Population Growth

Leads to Higher Property Prices

Public Sector Investments

Lead to Higher Property Prices

66.5%

of Canadians are Homeowners

Private Landownership* — Foundation of Current Civilization

*Defined as a desire and ability
to extract money from land and
location.



Oklahoma Land Rush of 1893

Desire #2

Affordable Housing

Public Programs and Initiatives

CMHC, National Housing Strategy, BC Housing, etc.



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Making Housing More Affordable

From: [Department of Finance Canada](#)

<https://www.canada.ca/en/department-finance/news/2022/04/making-housing-more-affordable.html>

33.5%

of Canadians are NOT Homeowners

Conflict

Can you **simultaneously** make property
prices increase and decrease
at the same time?

No, you cannot.

In any economic system **you can fulfill one desire** (property price appreciation), **or the other desire** (property price depreciation), **but not both.**

If you're gunning for ***both***, you get the mess we are in today: a schizophrenic attempt at getting both desires met at the same time.

Land-Value Taxes

Remember Desire #1?

Higher Property Prices

Find a Home

Find a REALTOR®

Mortgage Calculators

Living Room Blog



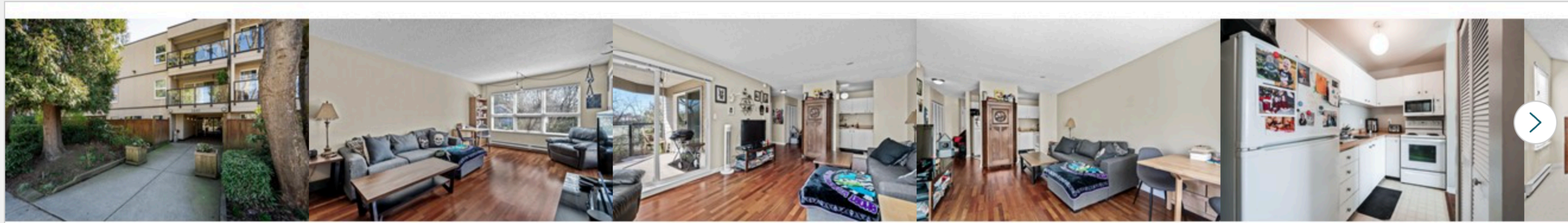
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Directions

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\$540,000

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Add Notes



Favourite



2 Bedrooms



1 Bathrooms



Kate MacPhail
Personal Real Estate Corporation

778-889-5283

REALTOR® Website

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Book showing

Do I qualify for the First-Time Home Buyer Incentive?

Learn More



Highlights



Neighbourhood



Statistics



Calculators



Stilhavn Real Estate Services

36 East 5th Avenue
Vancouver, British Columbia V5T1G8

**Let's assume that the government
decides to levy a land-value tax
of 3% on property.**

**We'll also assume that the homeowner
has a mortgage of \$432K
on this \$540K home.**

Condo: **\$540K**

Say land value ~ \$480K, rent ~\$2K/mo, interest rate 5%. Formula: $V = r / (i + t)$

If we apply a 3% land-value tax
we get ~ \$300K land + \$60K building

**\$360K total → 33% decrease in total
property value**

(in 1,000s)

Before

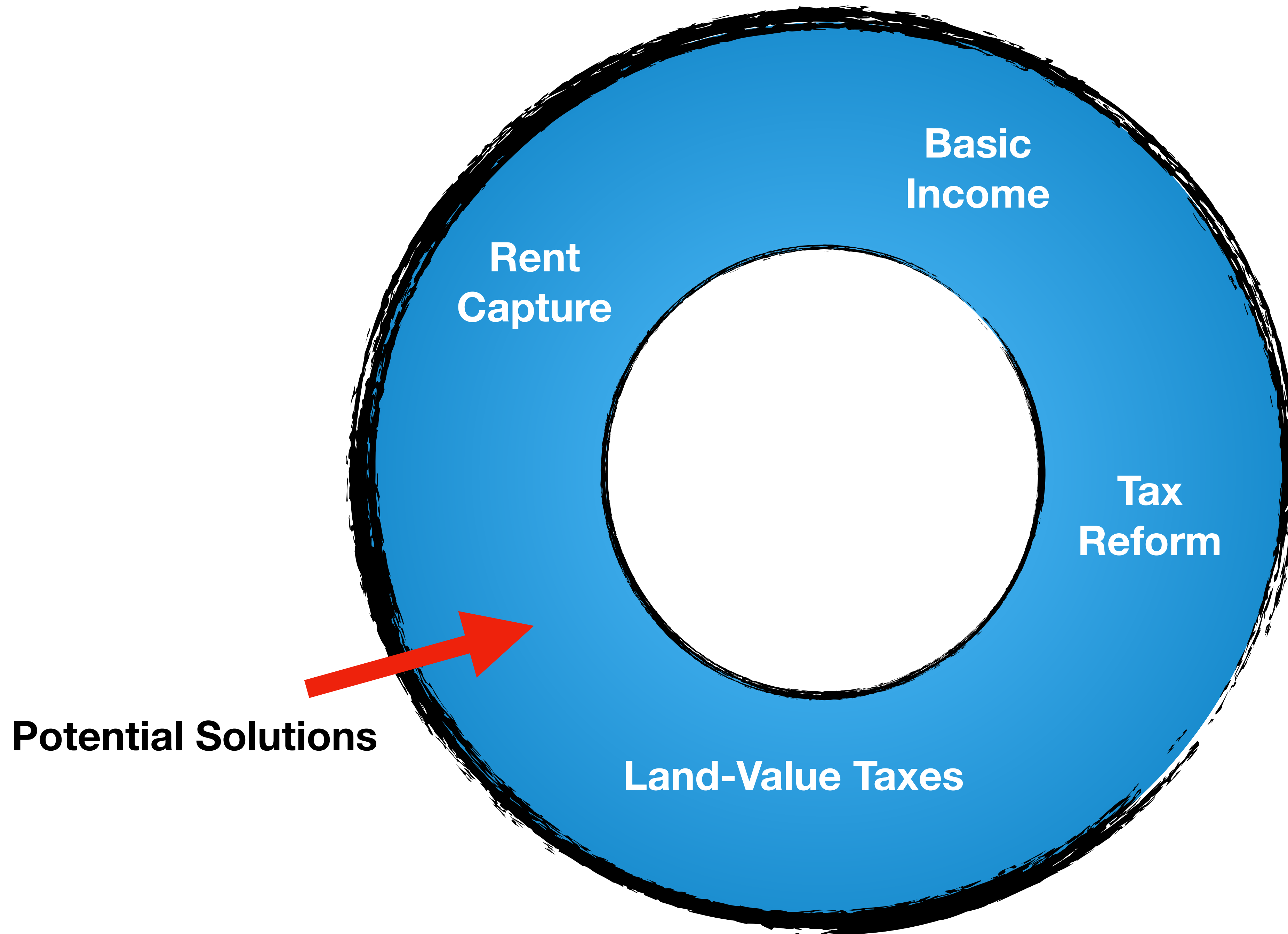
After

+/-

Property value 540 CA\$ 360 CA\$ (\$180)

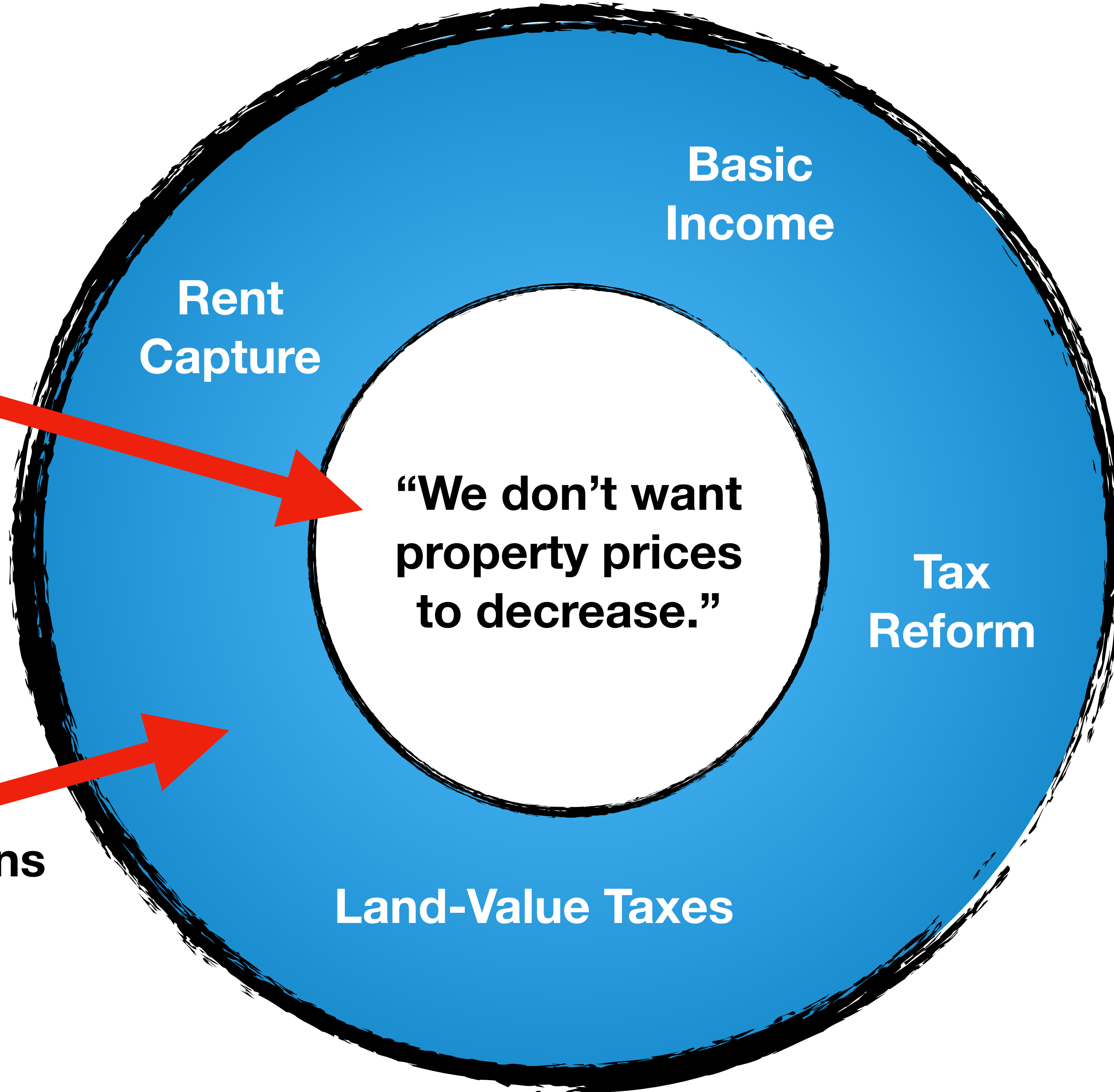
Mortgage (\$432) (\$432) 0 CA\$

Net Equity 108 CA\$ (\$72) (\$180)



Financial Reality

Potential Solutions



**Basic
Income**

**Rent
Capture**

**Tax
Reform**

**"We don't want
property prices
to decrease."**

Land-Value Taxes

Hope

It's been done before.

Three potential solutions:

**Basic Income + Reduction/Elimination in Income
Taxes + LVT**

No LVT, but Community Land Trusts

**Land Value Bonds + Reduction/Elimination in Income
Taxes + LVT**

**Basic Income +
Reduction/Elimination in Income Taxes +
Land-Value Tax**

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Community Land Trusts

- Much more gradual, slow, and tedious, but voluntary.
- Requires cash to acquire land.
- Bernie Sanders, as mayor of Burlington, VT, in the 80s created the first municipal community land trust.
- Today, this community land trust owns over 7% of the housing stock in Burlington, VT.
- If you're a mayor, or are an urban planner with a budget, create a housing trust
- Buy as much land up as you can, and sell the buildings back to developers.

**Land Value Bonds +
Reduction/Elimination in Income Taxes +
Land-Value Tax**



Fred Foldvary, Ph.D.

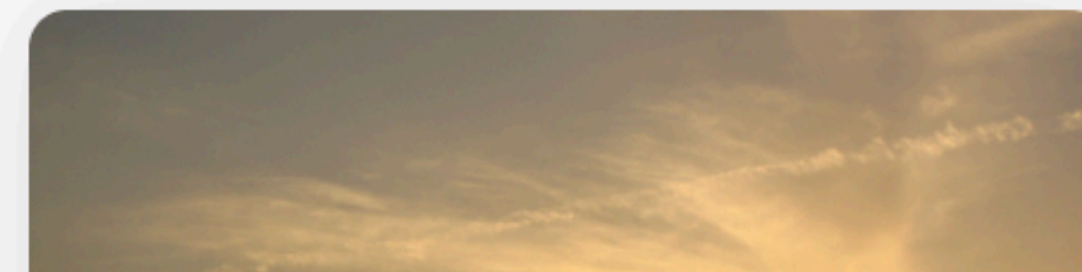
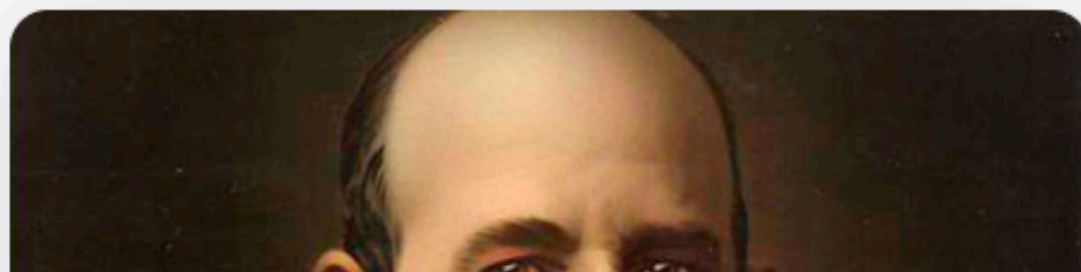
Economist

FRED E. FOLDVARY, Ph.D., (May 11, 1946 — June 5, 2021) was an economist who wrote weekly editorials for [Progress.org](#) since 1997. Foldvary's commentaries are well respected for their currency, sound logic, wit, and consistent devotion to human freedom. He received his B.A. in economics from the University of California at Berkeley, and his M.A. and Ph.D. in economics from George Mason University. He taught economics at Virginia Tech, John F. Kennedy University, Santa Clara University, and San Jose State University.



Foldvary is the author of *The Soul of Liberty, Public Goods and Private Communities*, and *Dictionary of Free Market Economics*. He edited and contributed to *Beyond Neoclassical Economics* and, with Dan Klein, *The Half-Life of Policy Rationales*. Foldvary's areas of research included public finance, governance, ethical philosophy, and land economics.

Foldvary is notably known for going on record in the *American Journal of Economics and Sociology* in 1997 to predict the exact timing of the 2008 economic depression—eleven years before the event occurred. He was able to do so due to his extensive knowledge of the real-estate cycle.



“Many advocates of land value taxation have proposed that the government buy the land or compensate title holders. If compensation can facilitate and speed-up a prosperity tax shift, let’s do it.”

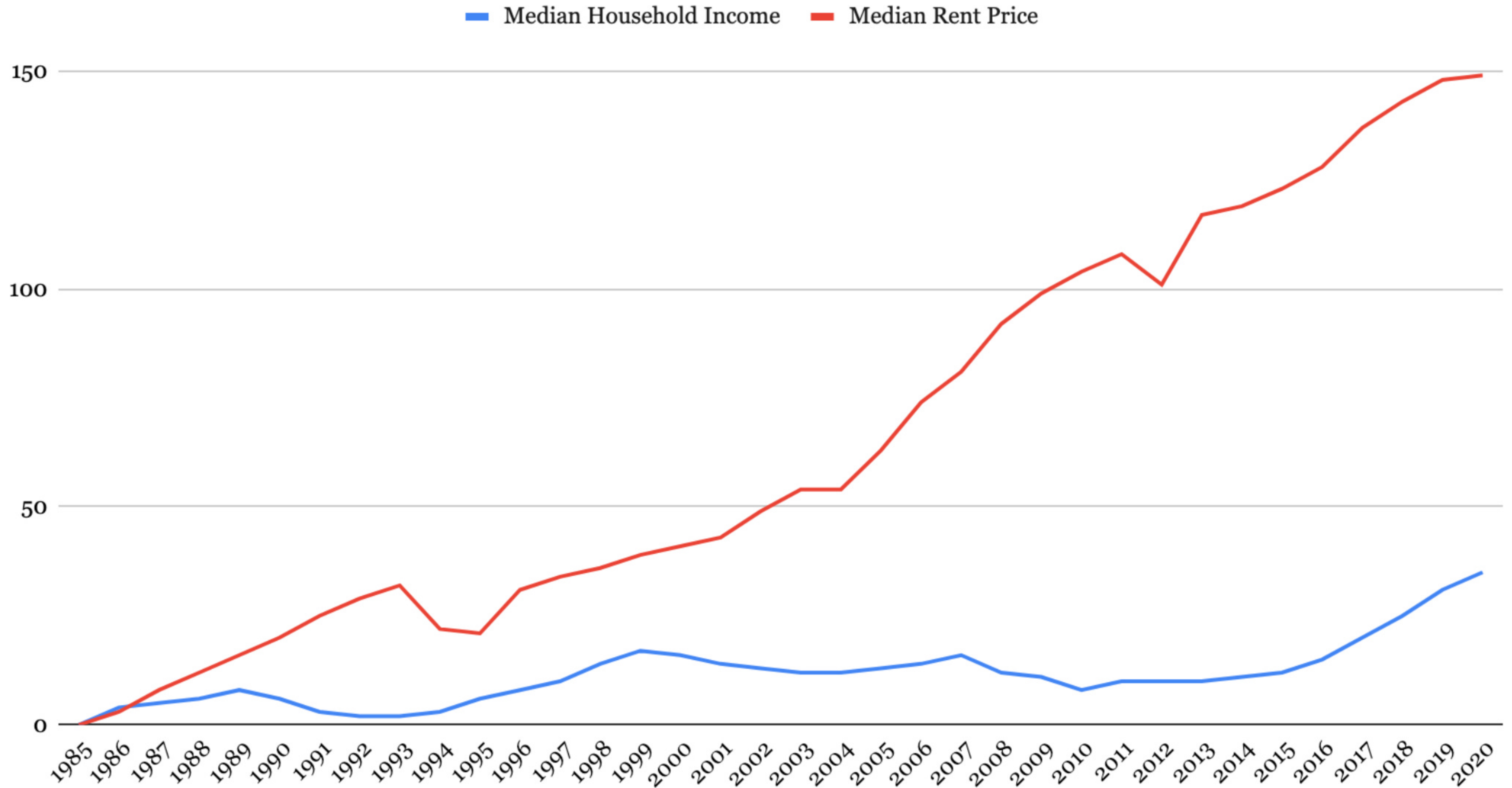
— Dr. Fred Foldvary, Ph.D.

Land Reform in Taiwan

- Chiang Kai-shek arrived in Taiwan in 1949 after losing civil war in China
- In Land was mostly owned by wealthy families, and poverty was widespread
- “Land-to-Tiller” Act, enacted 1949, carried out 1953
- Taiwan Land Bank reimbursed property owners with interest-bearing Land Bonds
- Resold land back to the market, but with a land-value tax
- **Taiwan is an economic powerhouse today as a result**

Remember this chart?

Percent Change In Median Household Income and Median Rent Price



A measure of compassion