

SPECULATION VS. VENERATION

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Earth Day Sunday, The Oregonian compared speculating in land to investing in stocks ("Give me land, lots of land, and the capital thereof," (04/21/02). A more fitting comparison is the less flattering: buying slaves. The German philosopher Schopenhauer noted, "Whether it is the man or the earth I own, the bird or its food, it is essentially the same thing."

Will Rogers joked, "invest in land; they ain't making it any more." Point is, not everything that makes money makes morality. Speculating in land and investing in stocks differ enormously.

When you speculate in land, you hold it out of use (as writer Julie Tripp noted). When you speculate in stock, you put people and equipment into business.

When you withhold land, you shoot holes in a region's development pattern, leaving gaps that cause sprawl, worsening the residents' dependency on cars. When you hang onto stock, you reinforce its value, drawing other investors; the company will probably sooner or later split its stock.

When you hold prime land out of use -- look at all the vacant land along the Willamette that the city is wasting -- you deprive people of a place to build and work, worsening unemployment, lowering regional wages. When you sit on stock, no harm is done as your money has already gone into company salaries and inventory, buoying up the economy.

When you speculate in land, you reduce its supply and make this basic necessity less affordable. When you drive up the price of a stock, a few might regret not buying sooner but the price of basic necessities are not touched.

When you inflate the cost of land, you put it out of reach for more people, creating more renters, fewer owners. When you inflate the price of some stock, investors just turn to other stocks, so credit gets better distributed.

When you inflate the price of land, you raise the cost of borrowing, and the added debt in a society worsens inflation. When you inflate the price of stock, you don't raise demand for

loans since most people buy stock with their savings.

When speculation in land gets out of hand, that's when an economy crashes, as in Japan twelve years ago. Speculating in real estate, not currency, is what bred the Asian Flu of 1998. During the latter 1920s, the slow-down in construction in New York City and the collapse of farming in the dustbowl are what set the stage for the Great Depression, not the stock market debacle.

Not only is land speculation bad for an economy and a society, worsening the divide between haves and have-nots, it hasn't a moral leg to stand on. The value of land is not made by anyone selling out, it's made by people moving in. It's a social value, the real commonwealth, generated not by lone owners but by all of us. Grabbing that is getting money for nothing. Even Andrew Carnegie, the steel tycoon, one of the greatest capitalists of all, admitted as much.

While The Oregonian has a different idea, wise Solomon declared, "the profit of the earth is for all." Rather than let a few profit by selling nature's sites and soils -- not to mention her resources and electromagnetic spectrum -- society should recover these values for all of us. With these natural rents used to benefit everyone, then society could forgo taxing the values we as individuals do create -- our sales, salaries, and homes. Recovering land rent would motivate owners to forget speculation and invest in delivering the goods others need. And without taxes, they could make a profit that's both hefty and, for a change, earned.