

ECONOMICS CAN SOLVE ECONOLOGICAL WOES

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I was glad to see the carbon fee and dividend (CF&D) strategy for climate change remediation promoted by Barry Daigle and Eric Means in the Nov. 26 Portland Tribune ("A climate change answer — from conservatives"). Improvements to our economic system can go a long way toward solving environmental issues. This is, of course, readily apparent from the root meanings of the two words "economy" and "ecology."

The economy is a big part of humans' ecology. A major improvement to the economic system would be to better share all natural resources — water and land, as well as air — along the lines of what Daigle and Means advocate.

Since global warming is primarily an atmosphere issue (oxidizing solid or liquid carbon to carbon dioxide creates a gas), ameliorating climate change is best done at a global level. Daigle and Means advocate a national CF&D, which makes sense, since large-scale economies are primarily instituted by nations.

At the local level, a land-use fee and dividend system (LF&D) could be instituted to better share that natural resource. We can make housing affordable and stimulate economic development at the same time.

Private land ownership in Oregon is a relic of the original colonial system (European Americans conquering Native Americans). Land grants of the 1850s privatized large amounts of land (320 to 640 acres per family) to European Americans. The private market system for land ownership that evolved has continued major inequities — laws excluding ownership by certain ethnic groups, Japanese-American internment in the 1940s, redlining and gentrification.

Gentrification is caused when people with money buy land in a depressed area, driving up land prices. As the area becomes more desirable, land prices increase, building owners' wealth. But as they expand, families with low wealth are not able to buy land nearby.

Like the CF&D strategy, a LF&D strategy would put a fee on land use — 1 percent of privately owned land value for the first year, increasing a percentage point per year until 8 percent is reached. In Multnomah County, it would provide \$4,000 a year for each resident. Housing would be made significantly more affordable. Absentee landowners would be encouraged to sell to local residents, since land prices would be better stabilized and would not be giving good investment returns.

We could even roll in improvement of the property tax system at the same time — why tax economic development (buildings, construction, improvements)? Taxing buildings and improvements, as well as land, is a relic of the Great Depression, when land prices fell so much that government jurisdictions needed to (continued on page 6)

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tax construction to raise enough revenue to survive. It makes more sense to tax private use of our natural commonwealth — air, land and water — and share it equitably through a dividend.

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