

# How an Earth Dividend Counters Sprawl



It is not intuitive why an [Earth Dividend](#) would counter urban sprawl. Here is the explanation of how that happens.

In the expensive central business district, rents are very high and the residents tend to be extremely wealthy. Yet the wealthiest among them will receive an Earth Dividend.

Rents in the premier building must rise by the same amount as the housing distribution. If they did not, people in the slightly less than premier buildings would use their housing distribution to move to the premier building.

Rents in the slightly less than premier building would rise by the housing distribution to keep out other wealthy residents who have not quite made it to the status of slightly less than premier.

As the Earth Dividend recipients' wealth decreases, the housing distribution frees up other funds that now can go for more discretionary purposes. Many are happy living ten blocks from downtown and would prefer to take an additional vacation each year than live 7 blocks from downtown. At this distance from downtown, there is insufficient demand for the rent to rise by the full housing distribution.

Now consider rural areas, not suitable for farming, beyond the outskirts of town. This land, on the margins, is called "marginal land". Theoretically, marginal land is free, but in our current system, it is just very cheap, like \$300 to \$500 to purchase an acre.

One could purchase a  $\frac{1}{4}$  acre plot for a weeks' worth of work at Micky D's. Of course, once you bought and moved to the land, you could no longer work at Micky D's, since it would be too far away. The rent on marginal land is completely unaffected by the Earth Dividend. It doesn't change, no matter how high the housing distribution. There is simply little or no demand for the land.

What about the neighbors of marginal land owners who are a little closer to town? What happens to their ground rent with an Earth Dividend? At first guess, one would expect it to increase a little, as though the graphing of the increase in

ground rent on the Y-axis and the distance from the center of town on the X-axis was a straight line.

But there is a dynamic here. Those on or near marginal land have just received an increase in income, without a corresponding increase in rent. They can afford to move closer to the center of town where the public services and other aspects of the community are better. The Earth Dividend housing distribution allowed them to move significantly closer to the center of town. This is their best choice over other discretionary purchases.

Those who live close, but not exactly in the center of town, get greater benefit using the money freed by the housing distribution for discretionary purchases rather than moving, a block or two, closer to the center of town. However, those near the margin get a far greater benefit moving several miles closer to downtown. They have no funds to free for a discretionary purchase.

Because they move in, demand for land at the margin DROPS! In other words, an Earth Dividend causes rent to drop near the margin. The graph is no longer a straight line, but a hyperbola.

When people move closer to the center of town, density increases and so does the efficacy of public services like mass transit. Sprawl is reduced.

This is sometimes called “pulling in the margin”.