

For an explanation of how the present credit crisis originated, [click on this link](#) .

Mortgages were being packaged, good and bad together, and sold on to investors, just as a shifty street market trader might sell boxes of apples with the good ones on top and rotten ones underneath. It has to be said that a lot of these "investors" were being remarkably stupid or naive not to check to see what was inside the box. This was a classic land price bubble, the speculators this time being ordinary home owners desperate to jump onto the so-called housing ladder. These recurrent financial storms cannot be prevented directly by legislation and regulation to impose control on banks and moneylenders.

The only way to stop a crisis like this from happening again is for government to collect all or most of the current rental value of all land and use it as the principal source of revenue. This would substantially eliminate the trading of land as a commodity, which is the underlying cause of the problem. The great bonus of such a reform is that present taxes on labour, goods and services could be much reduced and possibly eliminated entirely. There might even be a surplus which would allow a payment for every citizen in the country.

The prompt introduction of this form of Land Value Taxation also offers the best chance to get the economy out of the trouble it is in as quickly as possible.