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Some macroeconomic aspects of land ownership

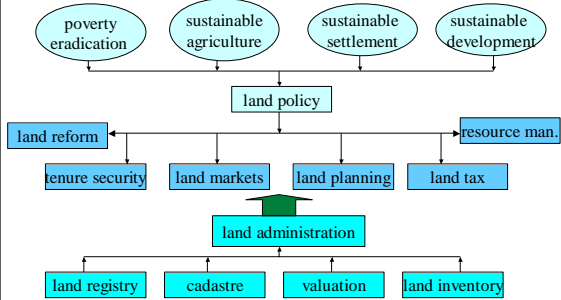
Paul van der Molen
Athens 2004 May 24



1 **K**

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Functions of Land Administration



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The Circular Flow Model

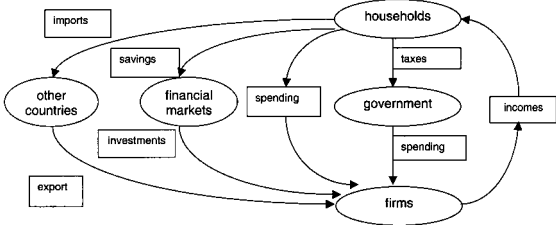


Fig 1: The Circular Flow Model of income and spendings (Dobson & Palfreman, 1999)

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Calculation of the GDP

Rental income of persons + proprietors income + net interests + corporate profits + wages and salaries + supplements to wages and salaries = National Income

National Income + indirect taxes - depreciation = Net National Product NNP

NNP + consumption of capital = Gross National Product GNP

GNP + payments of factor income to the rest of the world – receipts of factor income from the rest of the world = Gross Domestic Product GDP

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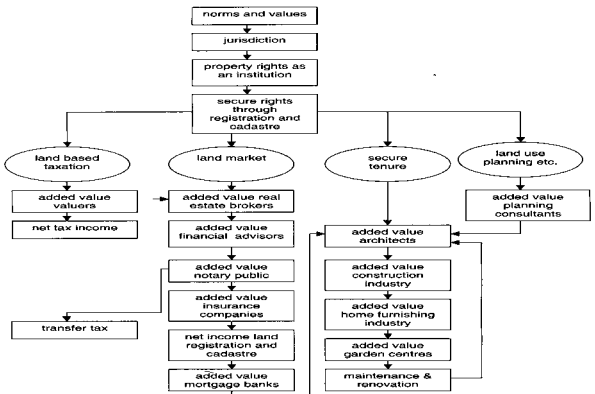


Fig 2 Macroeconomic model of land administration

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Outcomes

| Category | Economic activity | Incomes | Factor | Effect on GDP |
|-------------------|--------------------------|---------|--------|---------------|
| secure tenure | architects | 1255 | 50% | 627 |
| | construction industry | 8448 | 50% | 4224 |
| | home furnishing industry | 499 | 50% | 250 |
| | garden centres | 151 | 50% | 76 |
| | maintenance/renovation | 876 | 50% | 438 |
| land market | estate agents | 1002 | 50% | 501 |
| | financial advisors | 303 | 50% | 152 |
| | notary | 486 | 50% | 364 |
| | insurance companies | 2162 | 50% | 1081 |
| land based taxes | land registry | 100 | 100% | 100 |
| | mortgage banks | 12484 | 100% | 12484 |
| land use planning | valuers | 39,1 | 50% | 19,6 |
| | land + waterboard tax | 2586 | 50% | 1293 |
| | transfer tax | 2243 | 100% | 2243 |
| total | planning consultants | 341 | 50% | 170 |
| | | 32975,1 | | 24022,6 |

Fig 3. Macroeconomic effects of secure land ownership (for the year 2000 and in millions of €)

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Summary of the results

| | |
|---------------------------|---------------|
| ■ GDP | 402,599 mln € |
| ■ Total Contribution | 32,975 mln € |
| ■ Of this: anyhow | 8,953 mln € |
| ■ Thanks of secure tenure | 24,022 mln € |

■ So:
contribution of 8,1 % to the GDP of which 2,2 %
anyhow