

The custard pies and the wolf

Today I present to you my thoughts on a wolf and custard pies... but bear with me.

Amongst packages, law and new measures, housing has been an ongoing issue, this is a fact. But are we looking into it from the right perspective and moving towards a resolution to the problem? I wonder. I address this issue to understand where the housing problem in Portugal effectively lies. This is a recurring subject, but we cannot allow it to cool. Therefore I write today's thoughts with an uncomplicated view, trying to explain the true root of the problem.

Dismissing all rhetoric and solely with practicality, I invite whoever reads these words to look into a very simple example, which I believe will explain quite straightforwardly the housing problem in our country. Lets assume that we own a custard pies manufacture, experiencing an exponential daily increase in demand for pies, while the production remains the same. This means that, sometime, the amount of custard pies manufactured is lower than the number of clients wanting to buy them. Now I have two options: either I sell custard pies until the stock runs out and I tell the clients that there is no more product to sell and simply suggest that they look for another establishment, possibly further away from their convenience area; or I can increase the production of custard pies, thereby reacting to the demand increase. Behind this basic example there is a likewise very simple market concept: more demand and less supply naturally means that the product price will increase.

Here, my custard pies are my product, that is scarce and often we linger to understand the solution. Just like in my above example, the answer is simple: increase the production so that we can react to the demand and, conversely, we can keep on selling custard pies for a reasonable price, cheap and affordable for everybody.

But where is the wolf in this story? If, on the one hand, we have a shortage of product, on the other hand we have a wolf, which is the whole hostile environment of a country that looks at foreign citizens, investors, businesses and entrepreneurs, including all the wealth that it would draw from allover the planet, as the source of evil for all its problems. Frequently failing to realise that, as its people lives in a power country, lacking enough capital, it inevitably needs investment, more qualified business fabric and lots of capital, specially foreign capital, to increase product supply. This is the only solution to build more ovens to manufacture more custard pies with production scale and, consequently, with more competitive prices.

Lets go back to the housing subject: in Portugal we have few houses and a high demand that is applying pressure to the market and, consequently, increases the prices. Here I see the wolf in our country, a wolf who currently attacks, unprecedentedly, all investment and further yet if it is foreign investment, believing that this is responsible for all evil in this country. Under a false defense of housing, ideologically putting an end to all foreign investment in our country. As if one was an enemy to the other and still as if one could not help the other.

Like the custard pies factory, the baker cannot, by himself, increase his production and the wolf won't let him ask for foreign aid. Thus the production does not evolve, the demand increases and the price of the custard pies rises to turn it into a scarce, and therefore expensive, asset. One must inevitably ask, until when? We need urgent measures to remedy the problem at the supply side. Undoubtedly: it is urgent to build more, so that we can supply more and cheaper.