

Re: Income from a tax on land.

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From: wjyoung (wjyoung_at_nospam.net)

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Date: Sun, 26 Dec 2004 17:51:38 -0700

royls@telus.net wrote:

> On Wed, 22 Dec 2004 00:05:55 -0700, wjyoung <wjyoung@nospam.net>
> wrote:
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>
>>royls@telus.net wrote:
>>
>>
>>>On Fri, 17 Dec 2004 00:34:09 -0700, wjyoung <wjyoung@nospam.net>
>>>wrote:
>>
>>>>Why should the regular fee that citizens pay for the exclusive usage
>>>>privilege of land be proportionate to its market value?
>>>
>>>>That's the measure of the advantage or benefit that government and the
>>>>community confer on the user.
>>
>>>Is the market value of land use privilege not to be separated from the
>>market value of the choices made by the user, such as the choice to
>>build a nice home on the land, or the choice to leave the lot empty and
>>sell it to the highest bidder once the surrounding business is booming?
>
>
> You are apparently trying to confuse yourself and/or your readers.
> Choices do not have any value in themselves. It's the house that
> would have value, not the choice to build one. The house as built
> might add a lot of value, or it might be a monstrosity no one would
> want to live in. It is not making the choice to build a house that
> adds value, but rather the actual building.

Is the market value of the exclusive usage privilege of a plot of land not to be separated from the market value of the house built upon it?

> As to the choice to add no value at all, but merely to await an
> opportune moment to commandeer for oneself the value others create in
> the land, you need to clarify why (assuming it wasn't just a
> childish clumsy and obvious attempt to justify landowner parasitism,

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> *that is) you are claiming that that choice adds value, when the land
> would be just as valuable even had the chooser never existed.*

How does government know the market value of the exclusive usage privilege of the empty lot until its current holder sells it, and of course, until either buyer or seller discloses this information?

Also, once that information is known to government such that the exclusive usage privilege fee that should be levied the holder of the privilege, does it fit with your sensibilities that the new fee should apply to the buyer? Or should there be some way to reclaim the deficit from the original owner as implied by the increase in market value since the last market transaction when he bought it, such as to assume a linear rate of increase between original purchase price and eventual selling price that could be summarized, including interest, into a fee to be charged the seller at the time of the disclosure of the facts of the transaction?

>>>> *What of a fee
>>>> proportionate to the physical size of the land to which an individual
>>>> wishes to be granted the exclusive privileges of land ownership, perhaps
>>>> with a uniform rate being assigned for each zone?
>>>
>>> Does size matter? ;^) The advantage conferred by the services and
>>> infrastructure government provides and the opportunities and amenities
>>> the community provides are not proportional to area, but are
>>> determined primarily by location, especially proximity to population.
>>
>> ...and not market value...?
>
>
> ?? Market value is determined by the advantages conferred on the
> user, not the other way around.*

I thought market value was determined by buyer and seller.

Anyway, I am inclined to conclude from your comment that it should not be the market value of the land use privilege that should determine the fee to be paid to government, but rather the real burden that would be placed on government services by the existence of the land use privilege. Would I be incorrect to do so?

>>>> *Or a direct tax as
>>>> determined by dividing the cost of government by the population of its
>>>> subjects?
>>>
>>> That is effectively the same as a land tax, given that all have equal
>>> rights to the land and thus to its rent.
>>
>> Should it not follow that government expenditure of those tax revenues
>> result in an equal benefit for all in the community?*

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- >
- >
- > *Right, because almost all government spending that isn't wasted ends*
- > *up as land rent, to which all have an equal claim.*

How does non-wasted government spending end up as land rent?

How is government spending wasted?

- >>*Do not all members*
- >>*of the community benefit equally from the existence of a police force*
- >>*and judicial system?*
- >
- >
- > *They don't now, of course: the police are of much more benefit to*
- > *those who have things worth stealing than to those who don't. But*
- > *people _would_ all benefit equally under a land rent recovery system.*

Would the people who do not benefit under today's system come to benefit under the land rent recovery system because government would bestow on them gifts worth stealing, which would be provided from the taxes paid by those who already possess such gifts? Or would they be granted relief from their own tax burdens because the rich have been made to pay them on their behalf?

- > *To benefit from the existence of a police force and judicial system,*
- > *you have to be living, doing business, etc. -- i.e., using land --*
- > *within the area of their jurisdiction. But that means you have to be*
- > *paying land rent to get any of those benefits; and because the supply*
- > *of land is fixed, the value cannot be competed away: the land rent*
- > *will reflect the full market value of those benefits. Under a land*
- > *rent recovery system, all benefit equally from government spending,*
- > *because all the benefits that proceed from government spending on*
- > *services, infrastructure, etc. flow through and add to the land rent,*
- > *to which all have equal claims.*

I hope you do not regard them as a people of, by, and for government.

How is the benefit that comes from personal labor separated from the benefit that comes from government services?

- >>*Should it be that those who pay higher rent enjoy*
- >>*nightly patrols of their neighborhoods by tax-funded police, whereas*
- >>*those who pay lower rent should not?*
- >
- >
- > *That is effectively already the case (the specific services involved*
- > *may vary widely, of course), as the land rent on each parcel in each*
- > *area already reflects the market value of the exact degree of benefit*
- > *conferred on each land user by all government spending.*

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Am I to assume that the rent being charged by government to the citizen reflects the market value of the benefit of government spending on the citizen simply because government has charged it? What of the reciprocating expenditures by government; are they not already the benefit itself?

>> *Doesn't the holder of the privilege that would attract a higher market price receive identical access to the services provided by the expenditure of those rental revenues by government?*

>

>

> *Yes, in the sense that he has an exactly equal claim to the rent those services create.*

Government services create rent?

Which is the cart and which is the horse? Is it a people of, by, and for government?

> *Under the current system, by contrast, the holder of the higher-value land use privilege gets a large gift from government and the community, in the form of higher land rents, in return for which he contributes exactly nothing.*

How did the land use privilege come to have a higher market value?

> *In any case, "identical access" is perfectly meaningless in the context of benefits received. The people who shop in a grocery store all have "identical access" to the goods on the shelves, but they of course get -- and pay for -- only the ones they actually take home.*

I can't imagine that I should be expected to recite my credit card number when calling the police to report a prowler in the neighborhood.

>> *And if the rental*

>> *fees are proportionate to market value, which must be determined in some part by the choices made by that user with regard to "his" land during his period of "ownership" of the land use privilege,*

>

>

> *No, the choices made by the land user do not affect the market value of the land, though the choices made by the users of nearby parcels may.*

How is it that my neighbors might affect the market value of my land use privilege but I could not?

> *This has been recognized for nearly 200 years as a fundamental advantage of taxing land rent: there is nothing the land user can do to reduce his tax obligation but use less valuable land, or to increase it but use more valuable land.*

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What a dilemma.

>>*isn't that user*

>>*paying more for the same real return?*

>

>

> *Unlike the payer of a tax on earned income (which is almost all the
> current income tax taxes), the payer of a land value tax pays only for
> the benefits he receives from the community, not for the benefits he
> contributes to the community through his productive efforts.*

I guess those benefits are not simply that which are inherent to a community police station or fire department, but rather includes the prosperity the individual realizes under that auspices of those services.

Barring an argument that prosperity is created entirely by government expenditures, where is the line drawn between the benefits of those services and the benefits of the labor of the individual? What is the rate of the tax?