

Re: increase in value = increase in wealth?

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- *From:* "jwpgarrett@xxxxxxxx" <jwpgarrett@xxxxxxxx>
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On Mar 4, 1:06 pm, h...@xxxxxxxx wrote:

On Tue, 4 Mar 2008 09:03:03 -0800 (PST), "jwpgarr...@xxxxxxxx"

<jwpgarr...@xxxxxxxx> wrote:

The solution to this problem is to make the beneficiary of increasing land values be the Government by levying a tax on land. This kills many birds with only one simple stone. First off, it pays for public spending (which is currently 18.5% of the GDP) without the need to tax wealth producing activities (sales taxes, income taxes, etc). Because taxing land is taxing the economic rent of land (the excess needed to put land into production), it will not distort production and cause deadweight losses. Then it is progressive (the very rich own the highest value land), it contains urban sprawl (caused by land speculation which becomes impossible under a 100% Land Value Tax regime), it forces owners to put land into its highest productive use or sell it to others who will, and the LVT is transparent, making it difficult to bribe, hide, and cheat on the LVT.

interesting thought, but two problems come to mind: the rich really won't pay more, they will only shift the tax burden to their tenants increasing homelessness, and secondly you will put farmers out of business unless you have agricultural exemptions. And if you have any kinds of exemptions you will have to have all kinds of exemptions and if you have exemptions the wealthy will find ways to not pay anything.

Hal

How does one shift the burden of the LVT to tenants when the supply of land is completely inelastic? Landowners will eat the tax.

The LVT is not a tax based on acreage but on land VALUES. When you compare the land values of urban areas vs rural areas, urban areas have higher values b/c they are in greater demand. If anything, farmers would benefit more from the LVT than current taxes.

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