

**FRANK DE JONG INTERVIEWED BY FRONTIER
CENTRE FOR PUBLIC POLICY**

(The following interview with Frank de Jong, Toronto, Ontario, Canada is reprinted with his permission. In November 2011 at the invitation of the Frontier Centre for Public Policy he had spoken in the western Canadian cities of Calgary, Regina, and Winnipeg on the multiple benefits to urban design when municipal property taxes are shifted off buildings and onto land value alone. He expanded the topic to include the advantages of financing governments through economic rent capture in lieu of taxes on jobs, business and sales. He served as leader of the Green Party of Ontario from 1993 to 2009, helping the party become influential in provincial politics. Frank de Jong was interviewed after his Lunch on the Frontier speech in Winnipeg, November 25, 2011. This interview is posted at <http://www.fcpp.org/publication.php/3995>)

Conversations from the Frontier Centre for Public Policy

(The Frontier Centre for Public Policy is an independent public policy think tank whose mission is "to broaden the debate on our future through public policy research and education and to explore positive changes within our public institutions that support economic growth and opportunity.")

Frontier Centre: You don't seem to fit the stereotype of the typical green politician: hostile to business, in favour of heavy taxation, and big government-style central planning. Please comment.

Frank de Jong, Former Green Party Leader: Exactly, I'm the opposite. Many environmentalists are agreeing that we should be pro-business because if we want to encourage businesses to go green then we have a social democracy or a capitalist democracy and that's exactly what we should have. People need access to capital to start businesses and we want them to be green businesses.

FC: Henry George is a long dead economist who advocated taxes on unimproved land instead of taxing income. Why is his name back in some circles of popular dialogue?

FdJ: Henry George's method of taxation is very pro-business because it doesn't punish businesses for their activities, it only collects government fees on the resources they use. So if a business is resource-efficient then it avoids taxation.

FC: What is the green angle to Henry George?

FdJ: It has a lot to do with land use. Presently a lot of businesses and individuals hold land out of production for speculative purposes. They are collecting more in land value than they pay in taxes. So if we shift the taxes off of buildings and improvements and onto the land then the government will collect this unearned income and it will discourage speculation and encourage the optimal use of land and that will reduce sprawl and make our cities more compact and more walkable and it will leave more land to nature.

FC: So let's put this on the record. You would eliminate income tax and corporate taxes in favour of land taxes? Very briefly, why?

FdJ: Not only land tax, it's all resource use. Taxes should be on the use and abuse of nature because when you use nature it's a privilege, not a right. You should compensate the

community for that privilege. It's a privilege to hold land, not a monopoly to hold land or resources and you should compensate the community for that privilege. That's the basic idea behind Henry George taxation.

FC: This would seem to eliminate a lot of jobs: all the people in the assessment department, all the income tax collectors and accountants who are calculating income tax.

FdJ: Those are jobs that are not productive in the first place so they should be eliminated. What we want are jobs for people that are producing products and providing services and that's what this system will encourage.

FC: Seems like a pretty straightforward way to eliminate surface parking lots in downtown Winnipeg. Instead of cutting property tax by knocking down a building in favour of a parking lot, the property with a building on it pays the same tax as the parking lot. It's not complicated is it?

FdJ: No, it's very simple. What our tax structure will do is not punish people for improving the housing stock or for building new buildings. Right now a land owner says "I'm in no hurry to build a new building because this parking lot is collecting a lot of revenue from having it as a parking lot: and that's wrong.

FC: So we can say that this model of property taxation promotes density and fights urban sprawl?

FdJ: Absolutely it does because it encourages more compact, optimal land use and that benefits everyone.

FC: Can you discuss the experience in Pennsylvania where they have a modified version of the Georgist property tax model?

FdJ: In Pennsylvania the municipal taxes are assessed on the land and the buildings but the buildings are mostly ignored with just a small amount of tax on the buildings and most of it on the land. So a whole virtuous cycle of urban design happens and people are discouraged from keeping land out of production. They put it to the best use and therefore your communities are more vibrant, there are more jobs because businesses are more active. We see an urban design that's people friendly, walkable, bicycable, there are a lot of jobs, people live downtown and there's much less wasted land.

FC: You mentioned that Hong Kong also does this.

FdJ: Hong Kong is somewhat unique in that the city or state of Hong Kong owns all the land on the peninsula. So businesses or individuals lease land from Hong Kong. Instead of paying the land tax, they pay a lease. The lease is what provides revenue for all government services in Hong Kong and they do not charge business taxes, sales taxes or income taxes. So that encourages businesses to come there and that's why it is an economic powerhouse because businesses come there to avoid taxes.

FC: So there's no assessment on a large building?

FdJ: No, no matter how large the building it pays zero in municipal taxes so that encourages businesses to go higher and denser. That's why it's an economic powerhouse today.

FC: How does a Land Value Tax differ from conventional property taxes? (continued on page 5)