

## **MORE ON TAXING LAND VALUES**

by Fred Foldvary, PhD., Berkeley, CA  
The Pragmatist, June 1997

Sonja Hanson states in her article, "The Right to Be Lazy" (February 1997) that "taxing land values" is not consonant with the spirit of liberty. But the topic of the forum was "Who Should Own the Land?" — not taxation. The rhetoric of taxation and LVT (Land-Value Taxation) skews the discussion for a libertarian audience against the concept of community ownership. A neutral term would thus be not LVT but CCR, the Community Collection of Rent. It should also be emphasized that the proposition in contention is not really about the ownership of land, but only of its rent. Advocates of CCR such as Michael O'Mara favor the private, individual possession of land, with only the community ownership and sharing of the rent of land.

Hanson rejects the proposition that the payment of a rent charge by the owner of land is not passed on to tenants as advocates of Georgism, but by standard microeconomics. Hanson may be confusing the static case, an increase in the rent charge with no other changes, with the dynamic case, as over time, entrepreneurs create more productive uses for land, which does indeed increase rent. In the static case, the supply of land is fixed, and this cannot shift, while the demand is not affected by a rent charge. In the dynamic case, the demand does shift out, rising the rent.

It is true, as Hanson states, that the current property tax creates urban problems. But CCR is different in that buildings and other improvements would not be taxed. CCR would not add to the weight of taxation, since it would just shift the payment from a mortgage to a rental charge, with no disincentive to enterprise.

Finally, Hanson presents a touching story of the nice owner of a single-family hold-out in a built-up block. If the nice man were instead a tenant, and his landlord increased his rent, would Hanson not support the right of the landlord to eject the tenant if he could not pay the increased rent?