

Should We Collect Rent on Domain Names?

For the last several months, the HGI's website, Understanding Economics (www.henrygeorge.org) has been offering a free question-and-answer service called "What's Up With That?" Visitors are invited to submit questions on political economy, to which our staff will offer a lucid response, and often suggest sources on the Net for further reading. Mostly, of course, "our staff" is simply our dogged webmaster, yours truly. But, when a query comes in that is beyond my ken, our knowledgeable colleagues on the "Land Theory" email discussion list have offered expert help. Here is a recent query and response:

Q: Aren't people getting rich off of holding title to website names? Don't they represent a natural monopoly whose value ought to be taxed?

A: The answer to your first question is yes, certainly — I read recently where the domain name of "business.com" recently sold for a record \$7 million! I visited the site and found nothing more than a marker announcing wonderful services to come, so the name is clearly being held for speculation.

I agree that there is **something** in the Internet that is a natural opportunity. Exactly what form that takes, I'm not sure, yet — and I think it might not become clear until the "broadband revolution" comes into play. That is the area where the big media conglomerates are jockeying for position, hoping to get the "railroad land grant" that will enable them to privatize the information commons. But, because the technology/economics issues aren't all settled yet, this natural opportunity exists more as a potential now than a reality, and the Net (the Net itself, apart from the cost of access) remains a free good.

As for domain names, it certainly seems like they are limited "real estate". Georgists, of course, call for public collection of the rental value of all natural opportunities, because this value was created by the entire community, not the title-holder. But some investigation into the real nature of Internet domain names reveals that they do not really belong in this category. There is actually no technical reason why domain names are limited to the few categories that are now available ("dot com" and "dot org" being the major examples). The major web browsers have prioritized "dot com", but that is only a commercial choice on their parts. Already, obscure Pacific islands, for example, are selling alternative domain names. But the US Government has instituted a protocol that has kept the varieties of domain names limited. *(continued on page 37)*

John Young's thesis is that there is a natural order in economics and if there were no artificial barriers, then its inbuilt laws would ensure that the benefits were distributed equitably. He agrees that we cannot conduct laboratory experiments to prove this, but points to the former Soviet Union as an example of a rigorously controlled planning experiment that failed to produce the expected results.

He argues for true competition, free prices, and the principle of subsidiarity, i.e. that which can be done by an individual or smaller group should not be assigned to a larger group. He also argues that the government's natural source for its income is site revenue. That which is created by the community should be collected by the community. He quotes Winston Churchill, an ardent advocate of public appropriation of site revenue, who declared that the land monopoly "is by far the greatest of monopolies — it is a perpetual monopoly and is the mother of all other forms of monopoly."

This is a wide-ranging book, and although regular readers of *The Georgist Journal* will find much that is familiar to them, the detailed analysis of other less well-known facets of economics illuminate the interdependence of each part to the whole. And this does have to be seen and understood before we can attempt to solve our economic problems. GJ

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(continued from page 34) It doesn't have to be that way — a mere change of mind about how to administer a database could enable the creation of any number of domain names. If you can't use "McDonalds.com", then why not register "McDonalds.now" or "McDonalds.wow" — or whatever? It can be done.

The reason why it isn't being done has to do with the intricacies of international trademark registration. There is no international body that administers trademarks; each one must be re-registered according to the procedure of each individual nation — a long and expensive process. But a "dot com" is an internationally understood symbol — to which one can get full, protected globally-recognized title for a hundred dollars! Clearly, large communications conglomerates have a vested interest in keeping the supply of domain names fixed.

I think the policy to be advocated isn't taxing website names, but rather opening up name creations, eliminating the unnecessary limitation of name possibilities. For lots more on this, take a look at www.cookreport.com — *Lindy Davies*