

Excerpts of Remarks

by Prof. William Vickrey

Well, as one of those much-maligned professors of economics...I know that economists are fond of saying, "If only we had a lump-sum tax, which people can't avoid...." Such taxes come, basically, in two types: the poll tax, which most reject on the grounds of regressivity, and the land tax....

Economists are almost unanimous in conceding that the land tax has no adverse side effects - yet they don't seem to want to go with it.... Especially in older countries, such as England and the United States, the long-standing vested interest in property rights has ensured a real estate lobby that is very powerful. In younger countries, such as Australia and New Zealand, the land tax can be applied from something resembling the start, and can therefore have a chance to catch on.

I think, however, that landowners ought to look at both sides of the coin. Applying a tax to land values also means removing other taxes. This would so improve the efficiency of a city that land

values would go up more than the increase in taxes on land.... Landlords ought to be in favor of this proposal. If taxes on structures were removed, land values in New York City would go up much more.

There is also a strong equity argument in its favor. Consider the example of a tennis court.

Even though people playing tennis have no use for electric, water and communication facilities, these services must be provided anyway.... In effect we have



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to pay for utilities twice: once to the provider and once to the landowners who benefit by them. And, although this goes, perhaps, a bit beyond Henry George, I believe that the land tax ought to be used not only to pay for the government, but also to pay a good deal of the costs of electric, phone, water, and other services. That's something we should think about.