

breaking ground

Dot mobi 'landrush'

Leading British internet domain registrar UKreg is inviting customers to preorder their new dot mobi domain. The invitation describes the opportunity as a "landrush", and urges users to "stake their claim".

Internet top level domains like .com, .co.uk, or the new .mobi for mobile internet services, set the boundaries for owning unique domains on the net.

A fairer way

(cont. from p.1) understand the nature of the change and the benefits involved." This point is a straightforward recognition of the principle task ahead for reformers today, all around the world.

Secondly – also against – the Committee believed that the public was eager for tax reform, and wanted it now. The public would not look kindly on delay, or on being treated as guinea pigs, it argued. The Committee noted that "commentators who advocate the introduction of a land value tax have suggested that it should be introduced initially in pilot form". No evidence was presented to the Committee in support of that approach, either by the Foundation or by other witnesses. However the Committee's report does reference its source: a research paper from the Lincoln Foundation – *A Blueprint for Smart Tax in Britain* by Tony Vickers, one-time CEO of the Henry George Foundation. The Committee was sceptical of the plan. It doubted whether the public would "accept a situation where reform to local taxation was delayed in order to allow details of a replacement scheme to be tested by pilot schemes". This point is at the very least a challenge to UK strategists for reform.

The Committee's third point in its summary is a positive one. "We considered at length the many positive features of a land value tax" the report states. Many of those features it concludes "are consistent with our recommended local property tax [LPT] particularly its progressive nature." However, evidentially, in the judgement of the committee, these positive features were outweighed by the points against.

"Having considered both rateable value and land value as the basis for taxation" the Committee concludes, "we concur with Layfield [UK Committee of Inquiry, 1976] who recommended that any local property tax should be based on capital values."

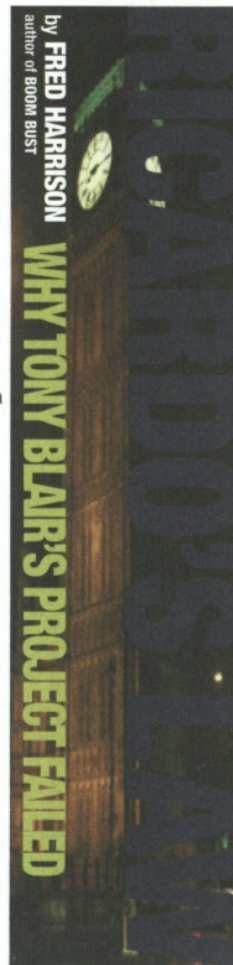
Ricardo's Law

by Fred Harrison

Ed Dodson reflects

by FRED HARRISON
author of BOOM BUST

WHY TONY BLAIR'S PROJECT FAILED



Fred Harrison is championing an aggressive campaign.

His new book *Ricardo's Law* takes no prisoners as he examines the actions, motivations and indecisions of nearly everyone who has held power or is in power today. For reformers this strategy is, of course, a gamble. On the other hand, even political scientists acknowledge that the way public policies are changed in social democracies is best described as "disjointed incrementalism."

I have no idea whether Harrison's attack on conventional wisdom and a thousand years of entrenched

privilege will register. But, I do share his sense of urgency. I live in a country that must raise \$500 billion annually just to service the Federal government debt, and where the Republicans (assisted by some Democrats) have orchestrated what is likely history's largest shift in tax burden onto producers. Greed, ostentatious display of personal wealth, and conspicuous consumption are put forward as fundamental rights. If I could figure out how to get a public audience to listen, I would be joining Harrison to damn this sham of a democracy. Mostly, I behave myself and wait for the inevitable implosion that is sure to come. **L&L**

see also forthcoming
books on the back page

letter from the editor

Second Life is a 3-D virtual world entirely built and owned by its residents. Since opening to the public in 2003 it has grown explosively, according to its website, and today is 'inhabited' by over 1.6m people from around the globe.

The experience of 'inhabitants' of this new world is key to the place's success. Hundreds of new residents join each day: they "explore the Second Life world", "meet other people", and "discover the thousands of ways to have fun". Crucial to the 'fun' on offer is the buying of (virtual) land and doing things with it, and interacting with what others are doing on their own land.

It is important not to dismiss Second Life as just a game. Some residents are now making real money from their virtual developments. And this is of course the purpose of the project. Whereas Second Life's 'front-of-house' is an open, public leisure facility (at least that), there is a not-quite behind-the-scenes purpose to what's going on: it's for making money. Things are still relatively small: the value of the total world money supply is only \$4m. But expect that to 'grow explosively' too.

According to their sales pitch Second Life is "a 3-D platform for developers who want to present, promote, and sell their content and applications to a broad online audience within an immersive, shared space." Underpinning the promotional jargon's promise we find a rather interesting pseudo-fiscal scheme.

Residents within the Second Life realm are free of taxes. "Second Life provides our expanding developer community with ownership of anything it builds or creates in Second Life. It is yours to sell, trade or monetize within the rapidly increasing population of Second Life Residents." Residents are able to keep the whole return on everything they do in Second Life – at least within the system. No taxman skims off taxes from your earnings, savings or capital assets, or 'adds value' to your purchases. Real world state jurisdictions are known to be investigating the matter.

So then where does the money come from for running this virtual community? It seems Second Life's founders intuitively knew the best way to fund their project. This on-line community is funded from 'land use fees'.

The system is primitive. There is (for the moment) no locational differential in land values in Second Life. But a historical review tells us that it's only what we would expect: because for the moment this is frontier country; desirable free land is still available, the community's development is at an early stage. So we'll see that change. Before too long locations which are in some virtual way advantaged (by the 'rules of the game'?) will find their 'land use fee' commensurately increased – while peripheral land will still be available with lower value. The emergence of virtual centres, nodes and margins within Second Life will create virtual land value gradients: the present primitive system of 'land use fees' will evolve to draw upon that.

The comparison with physical land is of course flawed, not least because the supply is not 'finite' in the same way. But Second Life has lessons for the way forward in the real world. For a world foundering in human injustice and environmental ruin, it offers an alternative model for sharing resources and funding society.

Some may find the importance of Second Life difficult to accept. The only solution would be for them to go there. And if Chancellors and Finance Ministers around the world do that they might be surprised to find their own 'intuitions' gainfully woken.

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