Abstract: The existing system of private property interferes with allocative efficiency by giving owners the power to hold out for excessive prices. We propose a remedy in the form of a tax on property, based on the value self-assessed by its owner at intervals, along with a requirement that the owner sell the property to any third party willing to pay a price equal to the self-assessed value. The tax rate would reflect a tradeoff between gains from allocative efficiency and losses to investment efficiency, likely in the range of 5 to 10 percent annually for most assets. We discuss the detailed design of this system from an economic and legal perspective.

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