

Interview

BY SANDY KENDALL

RICHARD Sclove

*Richard Sclove is founder and an advisory board member of The Loka Institute (www.loka.org), a nonprofit organization in Amherst, Mass., dedicated to making research, science and technology responsive to social and environmental concerns. He is also the author of the book *Democracy and Technology* (Guilford Press, 1995).*

CIO: There's a reflexive fear and loathing at the idea of taxes on the Internet. What are some deeper considerations?

SCLOVE: That reflex comes from a general hostility to any taxation and from people who want to build businesses online and want that to be easy. But by themselves the self-interested perspectives of consumers and industry aren't the best basis for public policy. What could tax-free e-commerce mean for democracy and civil life? The same thing the proliferation of megamalls has meant for Main Street: demise, though no one intended it. If we think of ourselves solely as consumers, this isn't necessarily a problem. While local economies wither, the Internet should give us access to more goods and

services, sometimes at a lower cost. The catch is that we're not simply consumers. We're also family members, businesspeople, neighbors and so on. In a democratic society, above all we are citizens. It's remarkable and distressing that on this issue citizens have no public voice. Citizens, after all, have a special obligation to ask what's the best policy for society overall. A consumer is just someone who wants the best deal.

What about the argument that taxes would squelch e-commerce?

The draconian solution would be to outlaw e-commerce or tax it so heavily as to kill it. The other extreme is to let the market rip with no taxation—the current *de facto* regime, which is bizarrely irrational. Local businesses have to collect sales taxes, distant businesses don't. That gives distant businesses an advantage, which doesn't help sustain local economies and their civic life. The

middle ground would be to tax e-commerce at a rate that keeps it in balance with local commerce. That wouldn't be disastrous for e-commerce. It's analogous to the way green taxes allow businesses to prosper while preserving the environment. Another argument you often hear is that it's too hard to implement taxes on the Internet because there are too many jurisdictions. That's remarkably disingenuous and noncompelling. Computers are claimed to do all sorts of things like improve your sex life and bring you face-to-face with God...but calculating tax regs in 20,000 jurisdictions is too hard? That's hilarious; complex calculation is the thing computers are supremely good at. **CIO**

Departments Editor Sandy Kendall wonders what her fellow citizens think. Let her know at interview@cio.com. Richard Sclove can be reached by e-mail at richard@sclove.org.

