

**Manifesto
of the
Labour Land Campaign**

**Towards a fairer tax system
and a more just society**

- Better use of land and buildings
- Improved environment and less pollution
- More investment, more jobs and more sustainable economic development
- Less crime and anti-social behaviour
- A better way of funding public transport and other public services
- A more efficient use of natural resources
- A way out of the housing crisis and a fairer deal for tenants
- A more viable farming system

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more just society**

Labour Land
Campaign

2007

www.labourland.org

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Introduction

The Labour Land Campaign is a broad left, political, voluntary organisation that campaigns for a fairer distribution of the wealth derived from land.

Unlike labour and capital, upon which, along with land, the creation of all wealth depends, the supply of land is fixed.

Thus, if there is greater demand for labour, its supply can be increased by working longer hours, or by working more productively through the investment of capital in more productive technology – or by having more children or encouraging immigration. Similarly, if the demand for capital is on the rise, people can be encouraged to work more and save more, or spend less.

But the supply of land – which from an economic point of view includes all natural resources, including minerals below the ground, the sea, the atmosphere, and outer space – cannot be increased in response to rising demand in these ways. If demand for land goes up in particular localities, therefore, its value, and hence its price, will increase.

This will benefit owners of land in those localities. But the higher value of land will not be due to any efforts on their part. It will have arisen from what nature has provided for free, and from the economic and social activities of society as a whole, and the demand for land that this generates. Thus, all of us add value to land through our work, and by choosing to live and work in a particular locality – perhaps because it is near markets or transportation routes, and is where people can earn a living, or because it is well supplied with services, such as water, electricity and gas, public transport, shops, schools, hospitals, and so on. Meanwhile, the more that people choose to live and work in a particular area, the more this encourages investment in new productive activities, including improved services, both by public authorities, using taxes that we all pay, and by the private sector from the profits derived from our spending. This will make it even more attractive to live and work in the area, which will further enhance land values.

It is therefore totally unjust that only owners of land benefit from rising land values. The Labour Land Campaign says that everybody should benefit.

This could be achieved through the introduction of an annual tax on all land based on its value, which would replace other taxes, or allow them to be reduced. As will be shown in what follows, this would not only be a much fairer system of taxation, because it would reclaim for public benefit the wealth derived from land values that we all help to create. It would also have major beneficial effects on the economy as a whole, and lead to a more efficient use of resources.

A major activity of the Labour Land Campaign, therefore, is to campaign within the labour movement for the introduction of a Land Value Tax payable by all owners of land. This would allow taxes on incomes and consumption, which have a negative impact on the economy, to be reduced. Other organisations and individuals, including a number of MPs from across the political spectrum, have come to a similar conclusion, and the Labour Land Campaign seeks to coordinate its efforts with these groups, including many based in other countries, wherever possible.

The case for introducing a Land Value Tax (LVT)

LVT is a fair tax

- Every individual helps to create the value of land through their work, their community activities and their spending. Under the current system, only owners of land reap the financial reward, through higher rents or higher prices when they sell their land or property, which is equivalent to unearned income. LVT would reclaim from owners of land the rising value of land, and allow the revenue raised to be invested in public services for the benefit of everybody.
- With Income Tax, the more one works, and the more efficiently one works, from which the whole economy benefits, the more one is taxed. Similarly, with taxes on capital, the more efficiently it is employed to generate jobs and profits that can be used for further investment in the economy, the more it is taxed. Meanwhile, Value Added Tax makes goods and services more expensive, thus dampening demand, and destroying jobs, and it particularly penalises low-income consumers. And, at local level, the Council Tax is highly regressive in that people on low incomes have to pay a much higher proportion of their income in tax than the better off. LVT would allow these taxes to be reduced, either by reducing tax rates or by raising thresholds, or, in some cases, eventually, eliminated altogether.
- Unlike most other taxes, LVT is transparent and cannot be avoided by any individual or business. Land is highly visible and cannot be hived off into an offshore tax haven in order to avoid tax. Therefore, taxes collected for public expenditure will be shared more fairly by all individuals and businesses, including foreigners and non-domiciles, and businesses with headquarters abroad.
- LVT is fair also because owners of land in effect are charged for the benefits they receive. An area with more and better services (public and private) has higher land values, and therefore will be subject to higher taxes than a similar area with a lower level of services.
- Residents and businesses located in disadvantageous areas will automatically be compensated by paying less tax, because the land they occupy will have a lower value.
- Property owners and businesses investing in improvements that raise the value of the buildings that they occupy and their surroundings, which will also benefit the neighbourhood as a whole, will not be penalised with higher taxes because LVT is levied only on the value of the land according to its use as permitted by prevailing planning regulations.

LVT will lead to a more efficient use of land

- LVT is levied on the value of land according to its permitted use, irrespective of how it is currently being utilised. If it is underutilised or lying derelict, there will be every incentive to invest capital to make better use of the land to generate income, and thus reduce the burden of LVT, or to sell the land to someone who is prepared to invest that capital.
- LVT would eliminate speculation in land. It would make no economic sense to leave land idle in the expectation that it might fetch a higher price in due course, because, unlike now, the tax would still have to be paid.
- Investors and home seekers will be encouraged to relocate to areas where land values are low for whatever reason, thus helping to develop or regenerate those areas by making better use of the land.

LVT will lead to an improved environment

- LVT will bring about the rejuvenation of land occupied by derelict buildings and so-called brownfield sites in towns, because the landowner would have to pay LVT on the land according to its permitted use anyway. Therefore, as just noted, he or she would have the incentive to invest capital in the land, to make full use of it, subject to planning regulations, or to sell it to someone who will.
- By encouraging the use of brownfield sites for housing and commercial activities, LVT will help reduce urban sprawl and the need to encroach on green land.
- By encouraging less urban sprawl through the more efficient use of land in towns, LVT will help to reduce long distance commuting, particularly by car, and less will have to be spent on roads and on public transport, thus saving on energy and reducing atmospheric pollution.
- Because of its major positive impact on the environment, therefore, LVT, in effect, will act as a green tax.
- Meanwhile, planning regulations would preserve green spaces and other uses of land for public benefit. In addition, because, as noted below, LVT will lower the price of land over time, local authorities and other agencies could more easily acquire land to add to green spaces, protect wildlife, create parks and provide for recreational use – which would be encouraged by the fact that this would add to the value of neighbouring sites, and therefore increase revenue from LVT.
- Finally, as observed in towns in the United States operating a system of LVT, by ridding communities of derelict sites and buildings, and increasing job opportunities (see next item), LVT will help to eliminate vandalism and anti-social behaviour.

LVT will help to promote economic development on a more sustainable basis

- Shifting the tax burden increasingly onto LVT will stimulate investment and employment, and therefore economic development. First, it will allow those taxes that act as a disincentive for investment and employment to be reduced

or eliminated. As implied above, most other taxes, including taxes on incomes and capital, and on consumption, have a negative impact on economic development, because they increase the costs of investment and employment. When these taxes are higher, it means that employers have to pay workers more to compensate for the higher taxes workers have to pay, and at the same time the market for goods and services is reduced – though this would be offset to an extent by government spending on public services, thus creating jobs and generating economic demand, stimulating investment and employment in the production and supply of goods and services to meet that demand. Substituting LVT for those other taxes would encourage this process all the more.

- Second, the more LVT that owners of land have to pay, the more incentive they will have to invest capital in order to make the most efficient use of the land, thus helping to create more industries or services, and therefore more jobs, or more homes, depending on what the land is used for (subject to planning permission), which is what economic development is about.
- Furthermore, depending on the rate of tax, LVT will tend to make the market price for land lower than it otherwise would be, because potential buyers would take into account the LVT that they would have to pay in the future as a result of owning the land. This may be offset by rising economic activity, which would increase the demand for land and therefore its price. But the fact that land prices would be lower than otherwise as a result of LVT would mean that more capital would be available for investment because less would have to be spent on acquiring the land.
- The more that LVT encourages investment in new productive activities, the more this will increase the demand for land, and therefore its value, allowing more revenue to be collected from LVT. This could be used to improve public services, or allow other taxes to be reduced, thus acting as a further incentive for the private sector to invest. Either way, or in combination, it would expand economic activity and job opportunities, with the cycle capable of being repeated over and over again. In short, LVT would help create the basis for economic development on a more sustainable basis.

LVT is superior to other types of land tax

- It needs to be emphasised that LVT, and its economic impact, are quite different from other types of land tax. These include:
 - development land taxes under various guises, which are one-off taxes on the uplifted value of sites following the granting of planning permission for a new use;
 - the Stamp Duty Land Tax, paid when properties change hands;
 - and so-called Section 106 Agreements, which oblige developers to finance infrastructure or affordable housing as a condition for the granting of planning permission, and therefore are a form of tax.
- The history of development land taxes, including the Development Charge in 1947, the Betterment Levy in 1967, and the Development Land Tax in 1976 – all introduced by Labour Governments, only to be abolished a few years later by incoming Conservative Governments – demonstrates that they tend to inhibit the development of land. That is because owners of land were able to

withhold land from use without penalty, but were penalised, in effect, as soon as it was brought into use. In addition, through tacit collusion, developers and property developers were able to use the withholding of land to pressurise governments, or future governments, to repeal the tax. Meanwhile, landowners and property developers could simply sit back and watch their landholdings rise in value as the demand for land went up. Furthermore, because of various kinds of exemptions and offsets, and other reasons, these taxes turned out to be severely complicated and costly to implement, and the revenue obtained was far less than expected.

- What has misled politicians into supporting development land taxes – including most recently the Planning Gain Supplement proposal that the government was considering, but abandoned in 2007 – is their focus on the huge differences in the value of land according to its permitted use, especially between land restricted to agricultural use, and that which is designated for industrial, commercial or residential use. Thus, if a landowner suddenly gains planning permission to convert agricultural or commercial land into, say, residential use, he or she could be in for a windfall gain of several million pounds. Development land taxes are perceived as a means for reclaiming a significant portion of that gain for public benefit.
- However, as just noted, such taxes tend to act as a disincentive for developing the land, and can lead to the land being withheld from use. Indeed, the experience has been that, following the introduction of a development land tax, such as the Betterment Levy in 1967, land prices have actually gone up, thus making it more costly to acquire land for building, the opposite of what was required.
- In contrast, LVT, which would rise in proportion to the increased land value once planning permission was granted, would be due immediately, so that there would be every incentive to develop the land without delay.
- Furthermore, instead of being merely a one-off payment, LVT would become due every year in perpetuity, so that the revenue stream for public benefit would be far in excess of what it would be from a one-off development land tax. Moreover, the LVT would be paid not only on the increased value, but also on the value of the land before planning permission was granted – the so-called residual or 'current' value.
- In addition, as a result of the new development, it is likely that the land value of neighbouring properties would be increased as a result of additional economic or social activities introduced to the area that would enhance its appeal as a place in which to invest, live, work and socialise. Therefore, additional LVT would be collected from those neighbouring properties following the new development, which would add further to the total revenues collected.
- Meanwhile, the problem with the Stamp Duty Land Tax is that it discourages the change of ownership of properties. In effect, therefore, it penalises those wishing to move to a more convenient location, or more suitable premises, and therefore encourages the inefficient use of land and buildings.
- Finally, the problem with Section 106 Agreement payments is their ad hoc nature, and the lack of clarity of criteria used for arriving at such Agreements. Nominally, they can only be levied in order to 'mitigate harm' that would otherwise arise from the development, such as increased traffic congestion

on local roads, overcrowding in local schools, or the tendency for developments to favour luxury housing at the expense of affordable housing required by people who work in the area. This, of course, is all a matter of interpretation. Section 106 Agreements, therefore, are notoriously variable and unpredictable between – and even within – planning authorities, and half of all planning authorities in 2006 were not even using Section 106 Agreements. Much depends on the negotiating skills of local planning authorities, which, if genuinely acting in the public interest, will want to extract the maximum contribution from property developers. The latter, on the other hand, will seek to keep their obligations to a minimum. Consequently, negotiations can be protracted, perhaps involving expensive legal advice and lawsuits, or appeals against decisions made by the planning authorities. This can make Section 106 Agreements costly to implement, not least because of the delays before society will benefit from the developments being proposed. Furthermore, because of the opaqueness of Section 106 Agreements, it is often hard to 'dispel the whiff of corrupt paying for planning permission', tending to favour big national and international property developers, at the expense of local builders who might have a more genuine interest in the local community.

- The latest proposal coming from the Government, now that it has dropped the Planning Gain Supplement, is a system of tariffs, or 'Planning Charges', similar to the Infrastructure Tariff operating in Milton Keynes, which is a levy proportionate to the size and scale of a development. Under this system, according to the Government's current proposals, in exchange for receiving planning permission, developers have to agree to pay Planning Charges when told to do so by local authorities, so that infrastructure can be provided. The system, therefore, would partially replace Section 106 Agreements, which, would be curtailed to the provision of affordable housing and costs associated with particular sites. However, under such a system, landowners and property developers would still be able to withhold land from use, watching its value rise, simply by not seeking planning permission. Moreover, like all development land taxes, the Planning Charges are merely a one-off payment, and paid only by the developer, and not by neighbouring properties benefiting from the development, thus limiting the amount of revenue that can be raised.
- LVT would eliminate the need for Section 106 Agreements and Planning Charges, as well as the Stamp Duty Land Tax, because the revenue from LVT over the years, from all properties, would give local authorities the means to make the necessary investments in infrastructure and public services for the benefit of everybody.

LVT can help finance public transport and other public services

- The value of land is partly determined by its proximity to public transport facilities and other public services and amenities, such as parks, schools and health centres, provided from the public purse – in other words, taxpayers. Whenever a new public service is introduced to an area, or an existing one upgraded, this increases land values in the vicinity, thus benefiting owners of land in the area, at the expense of taxpayers. With LVT in place, the public at large would get back a major share of the increased value, so that, in effect, the project could become self-financing.

- Indeed, with LVT, it would be possible to finance such projects in advance through the issue of bonds backed by the future additional revenue stream from LVT that would result from the increased value of land in their vicinity.
- For example, the London Underground Jubilee Line extension, which cost taxpayers £3.5 billion, could have been financed in this way. It has been estimated that as a result of the extension, land values in the vicinity of just two of the stations, Canary Wharf and Southwark, increased by £2.8 billion, and, over the whole extension, by some £13 billion. In other words, had LVT already been established, the public as a whole would have been the beneficiaries from the higher land values created, instead of the private owners of land in those areas, who had contributed nothing to the project.

LVT will help resolve the housing crisis

- The huge increase in house prices in recent years – which is putting home ownership beyond the reach of many young people, or forcing them to borrow far beyond their means – is almost entirely due to the escalating price of land in the places where people want to live and work. The cost of building homes has changed hardly at all.
- With LVT in place, as noted already, because potential buyers would take into account the LVT they would have to pay in the future, the price of land would tend to fall – the more so as the rate of LVT was raised. This would make homes increasingly affordable, and reduce the costs of acquiring land for the building of new homes.
- Furthermore, LVT would encourage the building of homes on brownfield sites, and discourage the hoarding of land by speculators, because all land would be subject to LVT according to its permitted use as determined by planning regulations, irrespective of how it was currently being used. This would help boost the supply of land for housing, and keep land prices under control.
- Meanwhile, lower land prices would not only benefit those seeking to buy homes, but also make it more affordable for local authorities and housing associations to acquire land for social housing, thus increasing the supply of homes at affordable rents
- A more detailed discussion of the Labour Land Campaign's proposals for resolving Britain's housing crisis is contained in the Appendix.

LVT will make farming more efficient and viable

- Currently, farming in Britain is highly dependent on subsidies in one form or another. However, their net effect is that they tend to boost land prices and rent, so that the subsidies, rather than supporting farming, end up as unearned income for the owners of farmland.
- The introduction of LVT would reduce land prices and rents, and, if substituting for income tax, would lower the costs of employing farm workers. This would enable farm subsidies, which tend to distort agricultural production away from the optimal use of land, to be abolished. Lower land prices would also encourage small scale and organic farming as a viable, environmentally friendly way of farming.

LVT as a resource rental

- As noted in the introduction, land in its more extensive economic meaning includes also the minerals under the ground, the sea and the atmosphere. In the same way that LVT encourages the efficient use of land in its narrower sense, and at the same time raise revenue for public benefit, taxes – or resource rentals – on the use of land in its wider sense would do the same.
- The Labour Land Campaign, therefore, advocates the charging of resource rentals for the use of all natural resources, including from the sea, as well as such things as landing slots for aircraft, and the use of the electro-magnetic spectrum and airwaves for telephony and broadcasting.

LVT is cheap and simple to collect

- Once all land has been registered and the infrastructure for valuing land has been established, the collection of LVT is cheap compared with other types of tax, since the process of assessment is more or less automatic.
- Practical experience in the United States and elsewhere shows that the valuation of land is easier, less costly and more accurate than valuing buildings or other developments on the land. Valuing buildings, for instance, is complicated by their uniqueness in terms of architectural features, state of repair, what the buildings are being used for, how old they are, and so on. Land value, on the other hand, is determined almost entirely by its location relative to various amenities and by planning regulations.
- There are a number of methods for valuing land. Today, computer-aided mass assessment techniques and geographical information systems can be employed to make the process efficient. It is possible to construct maps, or 'land-value-scapes', which, instead of showing contour lines depicting topography, would connect areas with similar land values. Thus, knowing the area of a site, one would immediately be able to calculate its value by referring to its position on the map. Once such a system for valuing land had been established, it would be easy to update valuations more or less continuously as new data on transactions and other developments became available.
- Meanwhile, as noted before, it is impossible to hide land in the same way that income from earnings and trade can be hidden. All owners of land would have to pay LVT irrespective of their place of domicile or company status. Therefore, there would be none of the costly measures required by other taxes to ensure compliance and block loopholes through which tax can be evaded.

A strategy for implementing LVT

- The first priority would be to complete the registration of all land in Britain.
- Second, all land would have to be valued using the techniques already available.
- The Labour Land Campaign proposes that, in the first instance, LVT would replace the much-discredited Council Tax and the system of National Non-Domestic Rates for businesses, and also the Stamp Duty Land Tax.
- After that, the next step, logically, would be for LVT to be extended to gradually replace central government grants going to local authorities (including the revenue support grant, the dedicated schools grant, and other specific and special grants), which, currently, on average, account for nearly half the revenue of local authorities – the amount varying according to needs and the population structure of the localities under the jurisdiction of local authorities. This would be a first step towards substituting LVT for Income Tax – which, in effect, is what funds central government grants going to local authorities.
- It is envisaged that there would still be the need for an ‘equalisation mechanism’ to take account of inequalities between different local areas, and their different needs. This could be achieved by a certain proportion of LVT collected by local authorities – perhaps half or more – being pooled at central government level, and then redistributed more or less on a per capita basis, which is how the system of National Non-Domestic Rates operates now.
- As LVT was extended beyond local level, other taxes would be reduced pro rata as the rate of LVT was increased, so that LVT would be seen genuinely as a replacement tax, and not an additional tax burden.
- The Labour Land Campaign accepts that the introduction of LVT and its substitution for other taxes would be a gradual process, and that, in the short run – as with any change of legislation – it would involve winners and losers. Therefore, there would need to be a number of transitional arrangements. A major concern is the extent to which LVT would penalise those living in areas where the value of their properties had increased sharply over the years (due to rising land values), while their incomes had not grown proportionately, or perhaps had gone into decline if they had become pensioners or unemployed, or had been widowed. This could also apply to established businesses. However, this problem could be mitigated in a number of ways.
- First, people – and also businesses – could simply choose to increase the occupation of the premises, for example, by taking in lodgers or sub-letting, or they could move to smaller properties or to areas where land values were lower. This, indeed, is one of the long-term benefits of LVT – it encourages the more efficient use of the land that is available.
- Second, for residential properties, pensioners and others with low incomes could be allowed to defer the payment of LVT (either wholly or in part) until the property was sold or transferred. This would enable people to carry on living in their properties at no extra cost, and, if they so chose, to pay less tax than they do now. However, it is only fair that the tax plus interest should be

paid eventually, because the increased value of their properties (that is the land on which they stand) would have been created by the activities of the community as a whole, and not by those who happen to occupy the particular site. Meanwhile, local authorities could obtain the revenue that they otherwise would have received from low cost loans, using as collateral the stream of income that they would eventually receive.

- Third, a 'Homestead Allowance', similar to the Personal Allowance on Income Tax, could be introduced for main residences, which would act as a threshold before LVT was levied, thus helping to ease the tax burden of people on low incomes. In addition, for people on very low incomes, it could be arranged that they received benefits similar to the Council Tax Benefit.
- Meanwhile, in the case of businesses, there may be instances when the local community might, for one reason or another, want to preserve the productive activities of certain businesses in the neighbourhood, for good social reasons. As now, this could be handled simply through the planning system, which could limit the way in which the land was used. This would reduce land values in these particular cases, and therefore the liability for LVT. Similarly, parks and open spaces, including school sports fields, would be exempted from LVT because planning regulations would, in effect, reduce their land value to zero.

Summary

Taxes that would be phased out over time following the introduction of LVT:

- Council tax
- National Non-Domestic Rates
- Stamp Duty Land Tax
- Section 106 Agreements
- Income Tax at the Basic Rate

Taxes that could be reduced, or made more selective, as the rate of LVT was increased:

- Inheritance Tax on property
- Value Added Tax
- Corporation Tax
- Capital Gains Tax

Appendix

Labour Land Campaign's proposals for resolving Britain's housing crisis

The huge increase in house prices in recent years has put home ownership beyond the reach of many people seeking to buy their first home. However, the cost of actually building houses has changed hardly at all. The problem, which has become a major crisis, is almost entirely due to the escalating price of land, and the demand for housing exceeding supply. Many first-time buyers have been forced to borrow, sometimes, far beyond their means, and at considerable risk to themselves.

Banks have drawn people into taking such risks by drastically relaxing their conditions for loans – from which, currently, they are making huge profits – in the belief that they have hedged against defaults through the use of complex financial instruments traded on the world's capital markets. This easy availability of credit has had the effect of further increasing the demand for homes to buy, adding another twist to the escalation of house prices.

The problem has been made worse by successive governments and local authorities selling off public sector housing at subsidised prices, resulting in a chronic shortage of social housing. This, in turn, has led to private sector landlords taking advantage of the situation by charging exorbitant rents to people unable to get onto the housing ladder, or who are stuck on waiting lists for social housing. Meanwhile, local authorities or housing associations willing to invest in social housing are deterred by the high price of land.

An added ingredient to the escalation of house prices is that a major speculative element is involved. Many owners of land, including house builders, are withholding land from the market, in order to support the higher prices, and in the expectation of making sizeable capital gains later when the land, with or without housing, is eventually sold. This, in the short run, tends to push up house prices all the more. According to the Royal Town Planning Institute, there is enough land in London with planning permission to deliver some 30,000 houses each year until 2016. Meanwhile, the Empty Homes Agency has estimated that, in England as a whole, there are some 680,000 properties standing empty.

Many, including the Labour Land Campaign, believe that the escalation of house prices is in part a speculative bubble waiting to burst, which, has been fuelled by banks extending loans irresponsibly to those who can barely afford the repayments involved. If interest rates go up, or there is an economic downturn, it would not be long before defaults and house repossessions start occurring on a large scale. This would precipitate a major slump in house prices, and the spectre of negative equity in which people owe more than their house is worth, as happened, for example, during the 1991/92 recession.

LVT would have prevented all those problems. First, the market price of land, the main ingredient in the escalation of house prices, would have been kept under control because the bulk of its increase in value would have been collected as LVT.

Second, it would have made no economic sense for speculators to withhold land from the market because they would have been penalised by having to pay LVT.

Third, owners of land, once they had received planning permission, would have had the incentive to develop the land for housing as rapidly as possible. This would have boosted the supply of housing, and dampened the tendency for house prices to rise.

Fourth, lower land prices would have made it more affordable for local authorities and housing associations to acquire land for social housing, thus increasing the supply of accommodation at affordable rents. In addition, the greater availability of social housing would have meant that private landlords would have been less able to charge exorbitant rents, which often, in effect, are subsidised by taxpayers through housing benefit.

Introducing LVT now would be able to address the current housing crisis head on, but it will require a certain amount of political will, and government support.

The introduction of LVT, if the speculative bubble had not yet burst, would likely bring down the market price for land considerably – the main element in the escalation of house prices. Since around 70 per cent of Britain's population is involved in some way with home ownership, this would have a significant impact on most people, at least on paper. In fact, for most people who own homes purely for their own accommodation, it would make little difference. If prices went down, they would get less when they sold, but would pay less for the houses that they intended to move to. Their heirs would also get less, but they, too, would not lose out because most people tend to use their inheritances for acquiring homes of their own – or for trading up into larger accommodation or moving to a better area – which would cost less.

The main problem that the government would have to address would be those who had recently stepped onto the property ladder, borrowing large amounts in order to acquire properties when prices were more or less at their peak, especially those left with negative equity. One approach would be to require banks, which in part have been responsible for fuelling the house price boom, to hive off a part of the debt into special accounts that carry no interest apart from adjustment for inflation, and for banks to invest those funds to generate revenues that would gradually draw down the debt.

Meanwhile, because of the urgent need to step up the supply of more affordable housing for rent – not just for key workers, but for all who need them – the Labour Land Campaign believes that this should be supported by central government offering low interest loans to local authorities to acquire land for housing purposes.

With LVT in place – along with new regulations to control credit – booms and slumps in the housing market which can be so disruptive, and which also impact on the rest of the economy, would be a thing of the past. It would resolve the current housing crisis, and it would end the inequalities arising from unearned wealth accumulation derived from landownership.

The Labour Land Campaign

If you would like to join our Campaign for a fairer tax system based on land values, or simply would like to find out more, please visit our website at www.labourland.org or write to our secretary, Carol Wilcox (address below). If you would like to attend one of our meetings or arrange for a speaker from the Labour Land Campaign to lead a discussion or seminar with your organisation, please email carol.wilcox@labourland.org.

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