**Chair’s report 2016 – Gaining Traction**

Although 2016 was an *annus horribilis* for right-thinking people across much of the world, for those interested in land value taxation in the UK there were definitely some bright spots and maybe even evidence of a nascent sea change. Notable events in which LLC had a role (making written and oral submissions, speaking to authors and researchers) included:

In London, February saw publication of the Greater London Planning Committee Report, “Tax Trial: a Land Value Tax for London”[[1]](#footnote-1) which was signed off by the Committee’s two Conservative members as well as the three from Labour. Concrete conclusions included “*… the current system of property taxation does not deliver … LVT appears to offer an opportunity to secure the land and fund the level of growth required*” and one of its recommendations is to “*trial an LVT in a geographically limited area of London … for a fixed period of time, to test the impact of this approach on encouraging and funding development*”.

In November, the new Mayor of London Sadiq Khan responded[[2]](#footnote-2), albeit lukewarmly, apparently welcoming the idea of some kind of land value capture but pretty much rejecting proper LVT: “… *would like to pilot some of the other recommendations in the report, if the powers were available*”.

In January of this year, although the London Finance Commission’s report “Devolution: a Capital Idea”[[3]](#footnote-3) concentrated on the short-sighted, selfish, regressive idea of the capital retaining its own massive local tax revenue for itself, it nevertheless reiterated the recommendation that “national government should work with London’s government to trial the operation of a land value tax pilot” but specified “on undeveloped land”.

NB: the main author of this report, Professor Tony Travers from the London School of Economics—a longstanding opponent of LVT—said to LLC President Dave Wetzel that “your LVT is beginning to get some traction”!

After the promise of the Land Reform and Local Tax Reform initiatives in Scotland which both saw many submissions on the virtues of LVT at the consultation stage, neither made any mention of the issue in their final reports. Indeed, the SNP government’s initial Land Reform proposal was so weak that it was rejected by the party’s grassroots although little-improved legislation was ultimately passed by Holyrood in March 2016. However, the whole issue of land ownership in Scotland is supposedly still under review; in contrast, there does not seem to be much movement on local tax reform although, as we all know, an independent Scotland would need to be thinking about alternative sources of revenue.

At a series of meetings attended by LLC members over the year, there has been solid evidence that LVT is indeed gaining traction in the corridors of power, notably in the context of the housing crisis and the need to find new public revenue sources. The subject seems to be coming up more and more—often through presentations and questions from the usual suspects (like LLC members) but increasingly from new converts. In 2016, this was in evidence at the Shadow Chancellor’s[[4]](#footnote-4) State of the Economy conference and meetings organised variously by influential bodies from across the political spectrum such as the Institute for Fiscal Studies, the New Economics Foundation, Positive Money, the Resolution Foundation, the Equality trust, the Cooperative Party, the Political Economy Research Centre and, in a way most interestingly, the Institute of Economic Affairs[[5]](#footnote-5). LLC is seeking to establish links with some of these organisations that are showing a novel awareness of the overweening but hitherto neglected importance of land to any economy and the relative advantage of recovering economic rent rather than taxing economically productive activity.

While it may be no surprise that LVT came up at the November “Commons Rent for the Common Good” conference organised by the Henry George Foundation and the International Union for Land Value Taxation and Free Trade, it is worth noting that the keynote speaker Le-Yin Zwang, Senior Lecturer at the University College London Bartlett Development Planning Unit, admitted to a “blind spot”: after a long career as an urban planner and academic, she said “although land is obviously an extremely important element in any urban system or city economy, until recently I did not really pay much attention to it”. And presumably that goes for many of her colleagues. Now, this community is talking about “reconstructing the whole discipline of urban economics to take on the Henry George perspective”.

This conference was to prepare delegates for the important UN Habitat III conference in Quito, Ecuador the following month where land issues were at the forefront of the discussions and concrete experiences (especially of land value capture in Latin America) could be shared. The influential (if not binding) New Urban Agenda adopted at the end of the conference has substantive paragraphs stating that land value taxation is one of, if not the most effective means for raising public revenue.

# So all may not be entirely doom and gloom from last year, at least for us. LLC members are again encouraged to have a go on Mark Wadsworth’s Ready Reckoner designed to help householders (and hopefully people in power) assess the impact of a shift towards LVT on their own household: this—together with a guide on how to use it—can be downloaded from the Web site’s home page[[6]](#footnote-6) (scroll down to “Find out what LVT would mean for you!”). You might be surprised! I as the owner of a home of obscenely inflated value in London with one modest income—talk about turkeys voting for Christmas—would not be paying all that more with even a fairly strong implementation of LVT. Suck it and see, and please do share it around with anyone who might be interested.

LLC is now looking to extend this methodology for generating land values (Sheet 7 of the spread sheet) for integration into macroeconomic models to predict the impact of replacing currently pernicious taxes with an economically neutral LVT, i.e. knock-on effects on employment, regional inequality, productivity, competitiveness, balance of trade, etc. Watch this space …

Breaking news: Jeremy Corbyn has been throwing the dreaded LVT word around profligately since the General Election was announced:

[http://www.politics.co.uk/news/2017/04/20/corbyn-opens-door-to-wealth-taxes-with-attack-on-elites?fb\_action\_ids=10155284581823708&fb\_action\_types=og.comments]

1. https://www.london.gov.uk/sites/default/files/final-draft-lvt-report\_2.pdf [↑](#footnote-ref-1)
2. https://www.london.gov.uk/sites/default/files/mayoral\_response\_lvt\_report\_2\_november\_2016\_0.pdf [↑](#footnote-ref-2)
3. https://www.yumpu.com/en/document/view/56779094/devolution-a-capital-idea [↑](#footnote-ref-3)
4. John McDonnell being a longstanding LLC member [↑](#footnote-ref-4)
5. https://iea.org.uk/blog/the-case-for-a-land-value-tax [↑](#footnote-ref-5)
6. http://www.labourland.org/ [↑](#footnote-ref-6)