**Representation without taxation**

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Many of the most powerful voices in British life avoid tax, including people who control the media and our on-line world as well as influential players in the worlds of business, retail and finance, and politicians (not to mention celebrities). Some ways in which they do this depend on cleverly navigating tortuous UK and global taxation systems, as we occasionally get a glimpse of through scandals like the Panama Papers, Offshore Leaks, Paradise Papers, Luxembourg Leaks, HSBC Swissleaks, Double Irish with a Dutch Sandwich, etc. What comes to light must be the tip of an iceberg given that it is only as a result of the ultimate integrity and bravery of a handful of one-time poachers who have sacrificed their lucrative careers—and in some cases their liberty—to expose the abuses they were being called on to enable every day.

But dark dealings in murky tax havens and headline scandals mask the really clever way in which the British Establishment has conspired to avoid paying tax and thereby preserve and add to its wealth over centuries: by switching taxation off land on to work, trade and enterprise.

From Anglo-Saxon and Domesday Book times through the emergence of parliamentary democracy with the Industrial Revolution and expansion of the role of the State, government in Britain was essentially funded by taxes on the value of land (which, at that time, was largely determined by agricultural potential). Restrictions on suffrage meant that sitting in the House of Commons and voting in elections were prerogatives of the land-owning class so it may not be surprising that, as it gained power, Parliament steadily eroded taxes on land wealth, undermining the system by serially rejecting the necessary regular revaluation process. A tax on work was first introduced in 1798 to pay for the coming Napoleonic Wars and, from 1842 on, Income Tax became a fixture despite many promises to repeal it. What is puzzling is that the first permanent Income Tax was legislated in not long before the last property-owning restrictions were lifted on suffrage (in 1918 for men and 1928 for women). Sales taxes are inherently unfair in that the fraction of disposable income they take is inversely proportional to the taxpayer’s resources; they are also the most directly economically damaging because they raise the price of goods and services, reduce demand and shrink the economy. The first sales tax was introduced in the UK in 1940 (Purchase Tax, replaced in 1973 by Value Added Tax). Together, these economically inefficient taxes on work and trade (Income Tax, National Insurance Contributions and VAT) account for three-quarters of Treasury revenue. Today, the only significant taxes[[1]](#footnote-1) with any component levied on land wealth are Business Rates and Council Tax and, although the latter was originally hastily introduced as a hybrid property/poll tax to replace the unpopular Community Charge, failure to revalue since 1991 has inexorably eroded the property component[[2]](#footnote-2).

The fiscal bible in Britain (and pretty much everywhere else) has been designed and implemented by the owners of land. It is a testament to the power of this constituency that even the Labour Party—which is not as directly beholden to big landowners as the Tories—has done little concrete to address this historical aberration since 1931[[3]](#footnote-3). Encouragingly, the Labour Party’s 2017 Manifesto contained a promise to “initiate a review into reforming council tax and business rates, and consider new options such as a land value tax”. The hysterical “Garden Tax” response to this mild commitment was dishonest[[4]](#footnote-4) but, launched within a week of a General Election, it was ultimately successful in that it frightened many electors, especially in places where land values and therefore property prices have lost all touch with the reality of local incomes. This story nicely illustrates how it all works: the Garden Tax charge was led by Boris Johnson (whose father boasts that the family has owned “owned 20 homes, land and 500 acres on Exmoor”) and Philip Hammond (beneficiary of property developer Castlemead—although to what extent we cannot know because he has refused to publish his tax returns). The politicians were aided and abetted by the Daily Telegraph (owned by the Barclay Brothers who reign over a whole Channel Island!) and the Daily Mail: this is controlled by Viscount Rothermere through a Bahamas-based, family-controlled vehicle tellingly called Rothermere Continuation Limited. This moniker is telling because it highlights how such structures are designed not just to enrich their immediate beneficiaries but also to protect and perpetuate the family’s privilege through the generations. Like the trust structure that enabled the Duke of Westminster to pay hardly any Inheritance Tax when he inherited a property portfolio worth £9 billion: this explains how the Grosvenor family has stayed at the top of the tree for hundreds of years—nearly a thousand if we remember back to the original *Gros Veneur* (“Fat Hunter”) who came over with William the Bastard.

All this points up the disproportionately powerful voice (as well as lack of scruples) of the tiny minority of citizens who would lose out by a switch of taxation back on to land wealth. Given how excessively concentrated land ownership is in this country, it will not be too difficult to find a way of abolishing or reducing economically damaging taxes on work, trade, enterprise and investment in favour of an economically neutral tax on land wealth, that creates far more winners than losers. But it will mean meeting head on the distortions and lies peddled by the loud few who do so well in our current system of representation without taxation[[5]](#footnote-5).

For evidence that demonstrates why land value taxation is superior to all other forms of taxation as well as proposals on how a switch could be engineered, visit the Labour Land Campaign Web site at **www.labourland.org**

1. Stamp Duty Land Tax, Section 106 Agreements, Community Infrastructure Levy, Annual Tax on Enveloped Properties and Inheritance Tax all have some land value component but, even taken together, these account for little revenue. [↑](#footnote-ref-1)
2. The owner of a mansion in Westminster pays little more in Council Tax than most bedsitter tenants [↑](#footnote-ref-2)
3. The 1931 Finance Act decreed the introduction of LVT (“*one penny for each pound of the land value of every land unit*”) on the 1st April 1934. When that administration fell, the new Tory-dependent national government immediately scrapped the land valuation process and thereby blocked to whole process. [↑](#footnote-ref-3)
4. The Daily Telegraph, Daily Mail, Daily Express, Daily Star, The Sun and The Times all cravenly reproduced misinformation originating from the Conservative Party and were judged by the Independent Press Standards Organisation to have contravened the Editor’s Code in their coverage of this issue: all were obliged to publish clarifications but only after the damage sought had been cynically achieved. [↑](#footnote-ref-4)
5. A real land value tax (LVT) was introduced in Denmark in 1957. Despite clear economic benefits (marked reductions in unemployment, inflation and foreign debt) within just three years, the 1960 election brought in a landowner-backed right-wing government which restored the old fiscal system and reversed all the positive economic trends seen with the LVT system. [↑](#footnote-ref-5)