



Land for the Few: lifting the veil

This week's Labour Party report on Land for the Many¹ is the most concrete evidence yet that the veil of silence drawn so successfully over the repository of 51% of net wealth in the United Kingdom² is at last being lifted.

Land was originally written out of economic theory with the shift from classical to neoclassical economics in the late 19th century: instead of the three distinct classical factors of production, namely labour, capital and land, the last two were conflated: this is a very unhappy marriage because there are irreconcilable differences between the respective characteristics and economic roles of land and capital, but it is a very convenient one for landowners when it comes to government policy-making, especially fiscal policy. Even in classical economics, close reading of Adam Smith shows that, while his treatments of labour and capital are perfectly internally consistent, his treatment of land contains contradictions: cynics have suggested that he was obliged to obfuscate certain aspects of the real role of land because his sponsor was the Duke of Buccleuch who was at that time (and still is today!) the biggest landowner in the country. It would indeed be ironic if the father of economic science and free-market philosophy was nobbled by a vested interest when he was inventing the discipline.

This shift in economic theory paralleled a gradual shift in fiscal policy from feudal times when most state funding derived from taxes on land. With property-owning restrictions on who could vote and sit in the increasingly powerful Parliament, the tax burden was steadily shifted onto labour (Income Tax) and other economically productive activities (taxes on sales and profits). Our taxation system has been created by landowners and today, property taxes account for only a tiny part of government revenue.

From 1906, a new force emerged in parliamentary democracy that was to become the Labour Party, the main economic plank of which was to shift taxation back onto land wealth. In power, they passed the 1931 Finance Act which instigated a land value tax but, before this could be levied, a Tory-dominated administration took over, stopped the preliminary valuation process and revoked the Act. All talk of taxing land wealth then disappeared from the discourse of the country's main socialist party until the 2017 election manifesto compiled under the leadership of Jeremy Corbyn and John McDonnell.

Anthony Molloy, Chair of the Labour Land Campaign, welcomes this report, "*The sub-title—Changing the way our fundamental asset is used, owned and governed—bears witness to the commitment of the reinvigorated Labour party to repair the dysfunctional UK land market that has been engineered over centuries to benefit a few very rich citizens at the expense of the many.*" ENDS

***The Labour Land Campaign is a voluntary organisation working for land reform.
It advocates a fairer distribution of land wealth through a Land Value Tax.***

For more information see www.labourland.org

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<http://www.labourland.org/press-releases-and-archive>

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¹ http://labour.org.uk/wp-content/uploads/2019/06/12081_19-Land-for-the-Many.pdf

² Office for National Statistics. 2018. The UK national balance sheet estimates: 2018