



LABOUR LAND CAMPAIGN PRESS RELEASE – 17 OCTOBER 2022

Something fresh in the state of Denmark

If Kwasi Kwarteng had understood a fundamental economic law that reductions in taxes mean rises in land value, not only would he still be Chancellor of the Exchequer but the UK economy would be on a real road to recovery. This unhappy administration's obsession with reducing the tax burden ignored the fact that business rents will always rise to absorb any tax cuts. Landowners are the constituency that benefits with a hike in their unearned income. Perhaps an unintended consequence of neoliberal Tory dogma ... or perhaps not.

If they had really wanted a fiscal solution to promote growth, they could have looked to Denmark in the late 1950's where a moderate tax on land wealth stimulated the economy far faster than had been expected by even its most enthusiastic advocates. Within a year, inflation had gone from 5% to under 1%, bank interest rates had dropped, and 100,000 previously unemployed workers (out of a population of just five million) had found jobs. The main mechanism underlying this dramatic turnaround was largely unforeseen: overnight, speculation in land became less lucrative and all the "investment" previously poured into an economically sterile sector was rechannelled into the real economy: factories, plant, jobs, wages. Productivity soared and real growth was obtained. Of course, a landowner-funded campaign quickly got rid of this awkward government and the wealth tax was repealed: between 1960 and 1981, land prices rose 19-fold and general inflation climbed back up, reaching 8% by 1964.

According to Vice-Chair of the Labour Land Campaign, Heather Wetzel, "The way to promote growth is by switching from a fiscal system that encourages wealth extraction to one that favours wealth creation."

An annual Land Value Tax on all land would stop land speculation and return natural resource wealth to the community that creates it: workers, taxpayers and investors in the real economy."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.***

www.labourland.org

Press Officer: Anthony Molloy - Email: anthony1molloy@gmail.com - Telephone: +44 (0)7704 116 238
https://www.labourland.org/wp-content/uploads/2022/06/Labour-Land-Campaign-Press-Release_30062022.pdf