



Public investment and the magic money tree

If the Chancellor of the Exchequer boosts investment in her Budget, she can unlock a steady stream of income that will not only be sufficient to maintain public services but will enable much-needed improvements to our schools, health care, social housing and public transport. But this cannot be achieved without profound reform of our system of taxation.

Local investment leads to an increase in land values but all this uplift in wealth currently goes to those private citizens and companies that own land. For many people, rises in land value driven by public investment in infrastructure (schools, hospitals, police stations, ...) and services (transport, health care, education, ...) are making it more difficult for growing numbers of people to buy or rent homes and establish businesses. By harvesting some of this wealth by introducing a land value tax (LVT), Rachel Reeves could break the current austerity-driven doom loop and establish a virtuous cycle of growth in which public investment boosts land values which in turn generates more Treasury revenue for further investment.

Murad Qureshi, Chair of the Labour Land Campaign (LLC), stresses that “Land values inexorably increase as an economy grows. It’s society’s combined demand to use land that gives land its economic value and who “owns” it has nothing to do with this”.

Because so much land and other natural resources is in so few hands in the UK, the minority of citizens who hold disproportionate amounts of these—our most precious assets—are able to suck a growing proportion of earned incomes out of the economy. Until at least some of this unearned income is harvested to replace anti-growth taxes on productive economic activities like work, trade and enterprise, there can never be an efficient economy. And until our outdated taxation system—methodically established by landowners over the centuries—is profoundly reformed, the economy will remain unfair with accommodation remaining unaffordable for a growing number of younger people and more businesses closing because of exorbitant rents and a heavy tax burden.

Rachel Reeves could launch this long-overdue reform next week by replacing Council Tax, Business Rates, Stamp Duty and Inheritance Tax with an annual LVT on all commercial and residential land including the numerous idle development sites and unused/underused buildings that blight our towns and cities. Perhaps not next week but you never know, some of this harvested unearned income could be used to cut our most economically destructive taxes such as Income Tax, National Insurance Contributions, Value-Added Tax and Corporation Tax. 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

Contact details

Press Officer: Anthony Molloy

Email: anthony1molloy@gmail.com

Telephone: +44 (0)7704 116 238

URL for posting on Twitter:

https://www.labourland.org/wp-content/uploads/2023/08/Labour-Land-Campaign-Press-Release_01082023_We-tax-the-wrong-things.pdf