



Bad year so far ... and it's only February

Things are not looking good for those who believe in fundamental reform of the tax system to benefit everyone—economically, socially and environmentally—in place of one that has been expressly engineered to distort the economy and transfer wealth from those who create it to those who extract it. With a billionaire in the White House and a substantial fraction of the world's wealth on the stage to celebrate his coronation, the chance of seeing any switch from damaging taxes on economically productive activities—work, trade and enterprise—onto progressive and economically neutral ones on assets, is looking further off than ever.

And closer to home, last week's speech by the Chancellor shows she does not understand how the UK economy works and seems increasingly uncaring about the negative effects her policies will have on lower-income families, workers and small/medium businesses as well as our environment.

Heather Wetzel, Vice Chair of the Labour Land Campaign (LLC) says "If Rachel Reeves understood how the economy works, she would realise that, if the third runway proposed for Heathrow airport does produce the jobs and businesses she thinks it will, I will get an uplift in the value of my West London home whilst my tenant neighbours will pay higher rents." Nor, if economic growth is her solution to all our ills, would she have chosen to raise the revenue she needs by hiking taxes on work.

LLC advocates taxing wealth in the form of an annual levy on the main asset class in the UK, namely land (excluding the value of any buildings or other improvements made by the landowner) which, according to the Office of National Statistics, now accounts for 60% of UK Net Worth. Increased economic productivity, wherever it is, means land values increase and once again, the owners of land will get something for nothing on the backs of taxpayers.

If the Prime Minister and Chancellor shifted taxes off earned incomes and on to the unearned incomes that owners of land and other natural resources enjoy, unused and underused buildings and idle development sites would be fully brought into their permitted use, land speculation would cease and the "profits" of our water and energy companies would provide much-needed income needed to improve our public services. Also, this simple but fundamental change in taxation would help protect our environment by making us use land and other natural resources efficiently and sparingly.

The value of land only arises because of public and private investments in local services and businesses. As the economy grows, so too does the economic value of this and other natural resources, our most precious assets. By collecting unearned income accruing through the ownership of our natural resources, we would see homes become really affordable, jobs created all over the UK and public services properly funded to meet the need of individuals and society as a whole. 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

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