



The wealth tax that keeps on giving ... literally

In an article in the Mail on Sunday, Kemi Badenoch showed she does not understand how land value arises. She wrongly claims that replacing Council Tax with a Land Value Tax (LVT) will penalise homeowners. In this, she differs from one of her predecessors who saw *“the enrichment which comes to the landlord who happens to own a plot of land on the outskirts of a great city, who watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while sits still and does nothing”*

Like Winston Churchill, Heather Wetzel, Vice Chair of the Labour Land Campaign knows that *“Owning land creates nothing; it is society’s combined demand to use land (and all other natural resources) for homes, businesses, public services, infrastructure, leisure etc that gives it its economic value.”* When wise public and private investments are made, land values increase. The landowner gets something for nothing while the tenant sees her rent rise. That is unfair and wrong, not only socially but also economically.

If an annual tax is introduced on the value of land (not on the building or any other improvement on it), on the one hand publicly created wealth will be returned to the community which created it to invest in its public services and infrastructure, and on the other hand idle development sites and underused buildings will be brought into their full permitted use providing homes and business premises to rent or buy at affordable cost. Land speculation would cease.

With options running out for a Chancellor who needs both revenue and economic growth, reversing centuries of distortion of our fiscal system by those in power—namely the wealthy—is on the table because wealth taxes don’t shrink the economy like taxes on economically productive activities such as work, trade and enterprise (which currently account for over 80% of Treasury revenue). Although land is not the only form of wealth (buildings on the land, stocks and shares, pension pots, bank deposits, ...), it accounts for about 60% of UK Net Worth according to the Office of National Statistics so it’s not a bad start. Replacing unfair and distorting taxes with a LVT will be economically, socially and environmentally good for all.

LVT is the best—the fairest, most practical and only pro-growth—form of wealth 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