



The elephant in the room is a Black Hole

Taxes are front and centre of the current election campaign with both major parties promising improvements in public services without increases in any of the taxes which account for over two-thirds of Treasury revenue, namely Income Tax (26%), National Insurance Contributions (16%), Value Added Tax (16%) and Company Taxes (9%).

Liz Truss wasn't wrong when she characterised these taxes on productive economic activities (respectively work, trade and enterprise) as "anti-growth": raising any of them makes goods and services more expensive so less of them are bought, less are produced or provided, factories and offices close down, the economy shrinks and jobs are lost. Her solution was presumably to further slash public services although we'll never know since the whole mess was never costed ... with predictably rapid consequences. But the paradox of unprecedentedly high rates of taxation coupled with unprecedentedly inadequate public services is still there and predicted to get worse—what the pundits refer to as the coming "Black Hole".

Although taxing wealth hasn't been on the agenda in the United Kingdom since the rise of parliamentary democracy in the 17th Century put the wealthiest landowners in charge of the fiscal policy of a growing state, the manifestos of smaller parties are now explicitly advocating various forms of wealth taxation and pretty much everyone is saying that any incoming Labour administration will not be able to avoid this solution. The question that every interviewer asks is "What's to stop the wealthy moving themselves and their cash abroad?"

According to the latest figures (2021) from the Office of National Statistics, land accounts for over 60% of UK Net Worth; the rest is essentially in buildings on the land and financial assets (pension pots, stocks and shares, bank deposits, ...) plus some bottles of wine, racehorses and paintings.

Chair of the Labour Land Campaign Murad Qureshi says "If a wealthy landowner leaves the country because he's presented with a bill on his land holdings, he won't be taking his Mayfair mansion with him. That wealth will stay in the country and if the bill isn't paid, HMRC will know how to collect the tax due".

There's a black hole and the most economically efficient, practical and fair way of filling it is an annual land value tax: it takes the burden off productive economic activities that drive the economy; it can't be avoided or evaded; and it ensures that those who can most afford to pay, pay the most. 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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