

Legrain: 'Let's Learn from Hong Kong'



READERS of the last edition of **L&L's** Media Watch may recall that we reported on Phillippe Legrain's articles in *The Guardian*, *Prospect* and *The Financial Times*, in which he argued the merits of land value tax. On June 16th Legrain was at it again, this time in the pages of *The Times* and, if anything, he was able to make his case even more succinctly. In his 900 word article he advised the current coalition to heed the advice of another great statesman who was both Liberal and Conservative and introduce a land value tax as part of a bold package of fiscal reforms.

"The proceeds could be used to cut the deficit and national insurance, creating jobs, boosting take-home pay and stimulating growth," argued Legrain. "Over time, the aim would be to shift the tax burden off hard-working families and on to idle landlords—as in Hong Kong, where revenues from land taxes keep income tax low, there is no VAT or capital gains tax, and enterprise flourishes.

"When the Government taxes successful effort, people strive less—some work less, others don't bother setting up a business, a few relocate overseas—and since hiring is more expensive, fewer jobs are created. But taxing land wouldn't crimp economic activity, as Adam Smith explained in *The Wealth of Nations*. It wouldn't reduce the supply of land, which can't be spirited away to a tax haven. And it wouldn't push up rents, which depend on what tenants are prepared to pay rather than landlords' expenses."

Despite this reassurance the following day a letter appeared in the *Times* from Helen Screamon, who described herself as a "peasant tenant farmer". Screamon argued that any LVT would just be passed on to her by her landlord.

Many friends and supporters of the HGF, including Roger Sandilands and John Digney, wrote in reply to the letter but only Anthony Werner's reply was published. "It is evident from [Screamon's] letter that she is already paying the maximum she can afford and cannot pass on a rent rise in higher prices," wrote Werner. "With LVT there is a restraining influence on landowners: if they put up rents and tenants cannot afford to pay, they risk being left with empty properties on which they would be liable to pay tax. LVT would not only apply to agricultural land. When we look at our high streets and see the number of empty properties, were the landowner liable to LVT regardless, he would soon lower his rent to encourage occupancy."

TELL US ABOUT IT!

Seen, heard or read something in the general media that you feel **media watch** should know about? Let us know by emailing editor@landandliberty.net or write to Media Watch, Land and Liberty, PO Box 6408, London, W1A 3GY, UK

Taking the High Road (and the unearned profit)

As Cabinet Secretary for Finance and Sustainable Growth in the Scottish parliament, John Swinney, MSP, was quick to point out the benefits of the M74 extension, especially to the areas it happened to be passing through. So well done to Ron Greer for writing to the *Dundee Courier* and pointing out that the £500 million public investment in the extension, "is creating increased land value to both industrial and domestic residents."

As Greer put it: "This increased value of land and site potential, has not come through any entrepreneurial effort of businesses or individuals, but from society as a whole. Any person or business who purchased land near the new M74 before planning permission and construction, now stands to make huge profits, simply and effortlessly, from society's decision to allow and finance this construction."

His letter ended with a challenge to Swinney "to inform us how he is going to ensure that the full value of the increase in site values, solely brought about by our collective investment, is going to be returned to us?"