

Taxation—a step in the right direction

After its cool reception last autumn, Vince Cable's Mansion Tax (MT) was overwhelmingly adopted by the Liberal Democrats at their annual conference in March 2010.

MT is to be an annual tax based on the market value of large single-family domestic properties. It would levy 2% of any value over the first £2 million. So the liability on a property worth £2.5 million would be £10,000 pa. (2% of £0.5 million).

It's proposed that the money raised will be used to take many on low incomes out of tax altogether by increasing the personal income tax threshold to £10,000, which would also reduce the bills of those who did pay tax by £700 pa.

MT could be regarded as a crude form of Land Value Tax (LVT), since over two-thirds of the value of any mansion is usually in the land that it sits on. Crude, however, because by exempting the first £2 million of a property's price, MT will only begin to collect a sizeable share of underlying land value in the case of mansions well over the £2 million threshold.

Nevertheless, by pairing MT with proposals to reduce income tax, the Liberal Democrats have at last put into the political arena the central Georgist principle of shifting taxes away from work and enterprise and onto the underlying land value locked up in real estate. MT may not be LVT, but it is a new and significant step in the right direction.

MT would ease government debt by 'liquefying' some of the vast sums of money locked into property values inflated by reckless bank lending in recent years. It would curb future speculative inflation of property prices, and mansions currently held empty as 'inflation hedges' would be forced back

into use, creating jobs made more rewarding by reductions of income tax.

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Repackaging poverty

Recent press items have highlighted some distressing and depressing figures that illustrate the extent of poverty levels in Britain. For example, 13% or 1.7 million children are now living in severe poverty, an increase of 260,000 since 2004; 20% of Britons have no savings; 50% make no provision for a pension. These three examples do nothing more than confirm that the multimillions of pounds of state benefits (£100 billion a year on the NHS alone) handed out in an attempt to solve the problem have done little or nothing to provide a long-term solution; neither has all the humanity, sympathy, sacrifice and hard work provided by numerous charities.

How can this be? Why, with so much effort and so much money is the problem of poverty getting worse?

As readers of this journal will know, the cause of poverty has been well understood for over 100 years. Yet everybody, from politicians and social reformers to the public themselves, appear not to appreciate the simplicity of the solution or be persuaded to examine the causes of poverty rather than meddle with effects.

If we are to make any progress against the spread of poverty and unemployment, perhaps we should consider a new strategy. The question for us might be: can we take a lead from modern marketing and public relations and re-package our product to achieve greater public awareness of where taxation should be levied and the benefits such a shift would provide?

Michael Hawes
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Making Sense of Energy

Sustainable Energy—
Without the hot air
by David JC MacKay
UIT, 2008, 384pp, p/b,
ISBN: 978-0-9544529-3-3

David MacKay is a professor in the Department of Physics at Cambridge University and Chief Scientific Adviser to the UK Department of Energy and Climate Change.

Professor MacKay looks at the broad sweep of balancing supply with demand in the UK over a long period of time. He reduces consumption and production of energy to a common base of kilowatt hours per day per person and reviews several ways of balancing the equation.

Of particular interest to Georgists is the way he discusses the energy available per unit of land area for the common renewables and the limitation thereof.

A stimulating read of top quality for all those interested in the energy supply this book is of international interest as the principles may be applied to any country

As the title indicates many swipes are taken at the advertising and slogans of vested interests.

I particularly enjoyed the way he cuts through the jargon of the units of energy consumption and production which confuses so much of the energy debate.

Those who are not mathematical and technical will be glad to know the necessary discussion is in a section at the back which does not have to be read to enjoy the rest of the book.

Topics covered, on the demand side, include; population growth, cars, aeroplanes, transport, heating lighting, packaging etc and on the supply side; coal, oil, hydro, wind, nuclear, solar, tidal, biomass, heat pumps, energy storage etc.

The book is available free at

WWW.WITHOUTHOTAIR.COM.

Can I give a better recommendation?

W.R. Elliott

The cost of inequality

The Spirit Level: Why More
Equal Societies Almost Always
Do Better by Richard Wilkinson
and Kate Pickett
Penguin, 2010, 368pp, p/b,
ISBN: 978-0-1410323-6-8

After the biggest economic crisis since the 1930s, people are angry with the bankers and disaffected with the political class. What will be done to resolve matters? The 'Spirit Level' provides timely evidence on which actions can be considered and, hopefully, put into effect. The book shows statistically that developed nations do not improve wellbeing simply by more growth in GDP. The authors develop their case by showing that, in a range of developed countries where income inequalities are more extreme, life expectancy is also lower, the percentage of infant deaths and teenage pregnancies are higher, obesity is more common, educational performance is lower, and problems of violence, homicide and imprisonment are greater.

Social mobility is shown to be significantly weaker in the UK

