

If Truss taxes land, she won't need spending cuts

Martin Wolf ("Truss's growth plan is nothing but a magic potion", Opinion, October 3) understandably dismisses the government's "growth plan" as "a plan for inequality and insecurity". But it could be converted into a fairer, fully funded tax-cutting strategy if it would only distinguish between earned and unearned incomes.

There is wide acceptance of high earnings for those at the top of their professions in industry, commerce, technology and the arts. Taxes demotivate all these activities, possibly just as much as with lower paid workers.

With increase of population and social amenities, demand for land presses inexorably on the fixed supply. Land values and rents increase apace. These are unearned. There is a compelling economic and moral case for taxing them more heavily than earned incomes. Taxes do not demotivate land, but they do demotivate work, enterprise and trade.

The annual rental value of the UK's hugely valuable stock of urban and rural land and natural resources could easily fund present government expenditure, and rents rise as other taxes are cut. Spending cuts would not be needed. Most of our most valuable land is owned by the wealthy. If they also have high earned incomes, their net income need not fall. With all earned incomes less hobbled by penal taxation, there can be fairness and net gain for all.

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7/10/22
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