

# LAND&LIBERTY

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PO Box 6408, London, W1A 3GY  
+44 (0) 800 048 8537  
editor@landandliberty.net

Editor  
**Joseph Milne**

Managing Editor  
**Jesper Raundall Christensen** a-m-m

Graphics and Production  
**Jesper Raundall Christensen** a-m-m

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## message from the honorary president

In considering the just distribution of wealth Henry George identified the *economic rent* of land as being entirely due to the community as a whole while the 'earnings of labour and capital' were due entirely to those individuals who provided the labour and capital responsible for wealth's production. If either the community or an individual takes from what is due to the other, they commit theft. Under current circumstances I suspect such theft is not so easily avoided by the simple act of replacing existing taxes on production with a tax on land value i.e. LVT.

The economic rent of land is a natural phenomenon that arises whenever two or more people compete for exclusive occupation of the same place for the same period of time. It represents the additional value attributed to a location compared with marginal locations where land bearing no rent is available to all. In contrast, the phenomenon of monopoly rent of land is man-made, and in the UK it is associated with full land enclosure whereby landlords were enabled to impose exorbitant rent charges - even at the margin. With the primary division of all produced wealth between the earnings of labour and capital on the one hand and the rent of land on the other the inevitable impact of an exorbitant monopoly rent is to unjustly reduce the general level of earnings to their barest minimum. As Covid 19 is showing business rent demands that are unrelated to the earnings of that business destroys them.

While the pecuniary interests of monarchs and parliamentarians over hundreds of years past caused land enclosure, they no longer fully explain why no land to live, or earn a living on, is available rent free. Today necessary government regulations regarding the permitted use of land and aimed at protecting the environment and the overall quality of our lives mean that naturally free land at the margin is no longer an option. So, while the only identifiable land rent is monopoly rent and this is taxed through LVT that part of the real earnings of labour and capital currently enjoyed by private rentiers will simply pass into the public exchequer - even after all current taxes on employment, production and trade are abolished!

A solution may lie with how the government uses the excess tax it collects and/or how the government regulates or manages land use.

In considering how the redistribution of tax revenue element might work it should be noted that as earnings are already at a minimum level, current taxes must already be coming from monopoly rent. The value added by employed labour and capital must be at least equal to their cost - otherwise they would not be employed. But, as we now well know, UK taxes currently double employment costs! i.e. the suppliers of labour and capital are only able to purchase goods and services to the value of approximately 50% of their employment costs with their earnings. So, the government could pay an amount equal to the taxes currently levied (directly and indirectly) on their employment to every economically active person and firm - it might be called 'an economically active reward'. An additional sum equal to the currently untaxed monopoly rent at the margin would also need to be paid to all. The application of LVT together with land use and planning regulations might then be able to ensure that all land is used (or not) in accordance the interest of the whole nation and all its people.

I would welcome a better solution!

**David Triggs**  
Honorary President  
Henry George Foundation

[henrygeorgefoundation@googlemail.com](mailto:henrygeorgefoundation@googlemail.com)

