

LAND&LIBERTY

No 1254 Spring 2021

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

Editor
Joseph Milne

Managing Editor a·m·m
Jesper Raundall Christensen

Graphics and Production a·m·m
Jesper Raundall Christensen

Publisher *Henry George Foundation*

To receive Land&Liberty or support the work of the Henry George Foundation contact us at the address above.

Land&Liberty has chronicled world events for over 100 years. It has offered a unique perspective with its reports, analysis and comment on the core issues of political economy. And that uniqueness remains. Land&Liberty aims to explore how our common wealth should be used - and to demonstrate that this is the key to building the bridge of sustainability between private life, the public sector and our resources - between the individual, the community and the environment. Land&Liberty - putting justice at the heart of economics.

Copyright in this and other Land&Liberty publications belongs to the Henry George Foundation, which welcomes approaches for the reproduction of articles. However, reproduction is prohibited without prior written permission of the copyright holders. No responsibility will be accepted for any errors or omissions or comments made by contributors or interviewees. Views expressed are not necessarily those of the publishers. Goods and services advertised are not necessarily endorsed by the publishers. Land&Liberty is produced by the Henry George Foundation and printed by Premier Print Group on 100% recycled paper.

ISSN 0023-7574



The Henry George Foundation is an independent economic and social justice think tank and public education group with offices in London and members throughout the UK. The Foundation deals in cutting-edge ideas, exploring and promoting principles for a just and prosperous society and a healthy environment.

The Henry George Foundation of Great Britain is a company limited by guarantee, registered in England, no. 00956714, and a charity registered in England under the Charities Act 1960, no. 259194.

www.HenryGeorgeFoundation.org

www.landandliberty.net
follow us on Twitter @landandliberty

message from the honorary president

I live in the Borough of Epsom and Ewell in the county of Surrey i.e. in one of the wealthiest parts of one of the wealthiest countries in the world. Borough staffing issues and the recent County Council elections have drawn my attention to how existing national taxes are unjust, inefficient, ineffective, compromise the provision of local and national public services, damage local democracy, and have made family homes in my area unaffordable for a generation of young people.

The Borough Council recently advertised for a Senior Planning Officer at a salary of around £45k p.a. However, National Insurance charges and Income Tax increase the employment cost of this officer to £50k and reduces their take home pay to around £34.5k. On spending this, sales taxes (VAT and excise etc.) will reduce the officer's reward for working to £25.7k, i.e. roughly half the household income needed to rent or buy a modest (Band D) family home in Epsom. If the officer had a similarly earning partner however, they might just be able to afford one with each paying half of the £2.04k in Council Tax due. Each net reward for working would then be £24.7k, i.e. less than half the tax inflated costs to the Council of employing them.

Sadly this nonsense is not exceptional as every nurse, doctor, schoolteacher, shop assistant and labourer etc., as well as every private and public sector employer, every resident and the whole economy is damaged by the iniquitous way we currently collect public revenue.

Regular readers of Land&Liberty will be aware that there is a better way! If taxes on employment and purchases were reduced or abolished the costs of producing, and the prices of, essential goods and services would reduce. This would enable and encourage more forms of employment and increase the real earnings of individuals and firms, reduce housebuilding costs, make new homes more affordable, and increase the ability of households and firms to make an equitable contribution towards public expenditure. If this were based on the rental value of land people and firms would need to pay substantially less than at present while funding for public services would effectively increase. The rationale for this is that no individual or firm produces land and its economic value is entirely due to its location and 'permitted use', so it is a natural and community created value. While it remains uncollected for the community the price of homes become increasingly unaffordable and malign taxes become unavoidable.

Despite the obvious failings of Council Tax in its current form (a narrow banding system that hits the poorest households hardest and outdated valuations that include both building and land values) it neither increases employment costs nor the price of public or privately produced goods or services. This would be even more the case if, in a remedied form, based on land value only, it were to replace the 96% of other taxes that households currently pay,

In contrast with employment inhibiting taxes Council Tax does not play a part in 'tax induced poverty' nor the 'poverty trap' features of an ameliorative benefits system that accounts for such a large proportion of public expenditure under the headings of 'Social Protection', 'Personal Social Services' and 'Health'. In the tax year 2019/20 these categories absorbed more than 60% of all centrally collected tax revenue illustrating still further the scandal of an unjust, inefficient and ineffective fiscal system that fails in even the wealthiest parts of one of the wealthiest countries in the world!

David Triggs
Honorary President
Henry George Foundation

henrygeorgefoundation@googlemail.com

