

Fwd: Why the best wealth tax is a land value tax

1 message

Heather Wetzel <heather.j.wetzel@gmail.com>
To: Edward Dodson <edod08034@gmail.com>

Mon, Sep 29, 2025 at 8:19 AM

Hello Ed

Thought you might be interested in this. I don't know how many folk read their blogs.

Best wishes.

Heather (currently in Peru for a couple of weeks trying to find Paddington Bear)

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From: **Labour Hub** <donotreply@wordpress.com>
Date: Thu, 25 Sept 2025, 3:05 am
Subject: Why the best wealth tax is a land value tax
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Labour Hub

Why the best wealth tax is a land value tax

By **HubMP2012** on September 25, 2025

*Natural resource rents go to the wrong people, argues **Heather Wetzel**.*

When we look at where the richest few get their incomes from, we see so much comes directly or indirectly from land and other natural resources including oil, minerals, aggregates, the spectrum, solar and wind power, water, forestry, etc.

The most efficient, transparent, unavoidable/unevadable and fairest form of Wealth Tax lies in diverting land and other natural resource rents from those claiming ownership of them to local and national governments to pay for our public services.

A fact that is mostly ignored by politicians and economists is natural resource wealth only arises from society's demand to use them and, as our economy grows, so does their value and price. Because they are no longer held in common, the incomes that arise from our combined demand to use them goes to the few who claim 'ownership' of them.

To place a levy on land and other natural resource rents cannot be avoided and returns the value society creates to maintain and develop our public services.

Society currently pays economic rents for each of the natural resources we use but that rent goes to the wrong people. It should be returned to the public purse to pay for maintaining and developing our public services.

Initially, the simplest action to make a real and immediate economic difference would be to replace all property taxes with an annual Land Value Tax. Land speculation and land hoarding would stop and idle development sites and underused buildings would be brought into their full, permitted use, providing homes and business premises at affordable and not inflated prices to rent or buy. The next stage could be to get back water and energy sources under public ownership - without compensation - and charge the economic rent for each one. The third stage could be to bring remaining natural resources into common ownership and again, charging the economic rent for each one.

By replacing current property taxes with an annual Land Value Tax, society would benefit economically, socially and environmentally:

- Economically because the value we all create would be returned to pay for public services.
- Socially because homes would become much more affordable and businesses could afford to start up or expand creating jobs.
- Environmentally because we would use land in our towns and cities much more efficiently and reduce the need to build in rural areas that do not have the infrastructure to support them.

A Land Value Tax (LVT) is a charge levied on the economic rent of each site valued at its permitted use value. The taxes LVT replace will depend on the Government but the easiest to replace following valuation of each site, are current property taxes. Providing no loopholes or exemptions are included, LVT cannot be avoided or evaded.

Land cannot be hidden in the Cayman Islands, an offshore account or in the attic or a lock-up – other assets can!

Some key points on why LVT is a fair and just tax benefiting the whole of society:

- LVT recognises that every individual helps create land values through their work, their community activities and their spending.
- LVT means that the growing number of non-property owning adults who are tenants or economically forced to live with family or friends also share in existing and future increases in land wealth, rather than just freeholders and the big land owners.
- LVT recognises that every new investment – public and private – helps create land values, whether it is in public transport, businesses, leisure facilities, schools, hospitals, airports, making neighbourhoods smarter and more pleasant, or in homes or jobs.
- LVT also recognises that *existing* services and businesses – public and private – add to land values.
- By including land that is currently kept idle, LVT encourages better use of land, particularly in towns and cities and reduces the demand to build on green spaces or in rural areas.
- By stopping land speculation, investors will seek worthwhile investments including in those areas that currently have high levels of unemployment and deprivation, thus redistributing wealth on a regional and individual basis fairly.
- With LVT, homes would be bought for people to live in and not be kept empty for speculative purposes.
- LVT encourages investment in more jobs and businesses and more affordable homes.
- LVT will rid communities of derelict sites and buildings that encourage anti-social behaviour.

- Unlike other taxes, it is impossible for people and businesses to evade or avoid paying their share of LVT.
- LVT increases the funds available for public services, including public transport, health, education, leisure facilities, crime prevention and social welfare.
- Land value and taxes are inversely related so as LVT is introduced, land wealth, reflected in rent and capitalised value, transfers to the public purse and away from land owners.

By collecting the economic rent of land, land wealth would be recycled and used to benefit the whole of society economically, socially and environmentally and it would force us to use land sparingly and efficiently.

Note:

The law of economic rent - there are three factors of production – labour, capital and land (that is, all natural resources). The return to labour is wages; the return to capital is profit or interest; and the return to natural resources is 'economic rent' - the excess income left after the costs of labour and capital (including 'reasonable' profit) have been made.

Taxes and economic rent are inversely related – this means that as taxes increase, land values go down and when taxes reduce, land values go up. Similarly, subsidies increase land values and end up in the pockets of those claiming ownership of land thus frustrating the purpose intended.

Land value only arises because of society's combined demand to use it for homes, public services, businesses and leisure - not from owning land. Values will vary according to access to good public services, private investments and from natural attributes.

A list of frequently asked questions with answers can be provided if required and is on the Labour Land Campaign website [here](#).

Heather Wetzel is Vice Chair of the Labour Land Campaign.

Image: Banner on the Make Them Pay demonstration in London on September 20th, c/o Labour Hub

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