Foreword

Land Value Taxation in Britain provides us with a summary of British experience in land taxation, and of the thinking that has guided attitudes and actions on this point. It offers valuable assistance in making important tax policy choices by giving us information about local government finance and land use. In practice, the decisions about such topics embody a variety of elements, but often tax aspects are central.

Local government financing influences the quantity and quality of public services that are crucial to the way we, and our children, live. Whether or not the term crisis can be properly applied to local financing may be argued, but there is no doubt that many British and American citizens live in communities with troubling financial problems. How, then, are desirable and necessary services to be paid for? This volume gives us insights, drawing on the British example.

The choices made about taxes have nonrevenue effects. When taxes increase, the nonrevenue aspects warrant increased attention. Although British policies are in flux, property (real estate) taxation remains an important element of local finance. It influences the physical community as it develops over the years; and, of course, the structures of the community will influence the continuing ability to pay for government.

The British government under Margaret Thatcher, after considerable controversy, made sweeping changes to the traditional system of local government financing. The new policies aroused such opposition that they were largely abolished before being fully implemented. It was a missed opportunity that the discussions surrounding the policies did not focus on land value, on the unique characteristics of land-based tax, or on the possible role of property taxes in community planning. The present volume will help focus these issues in future debate.

Taxes related to real property continue to play a role in financing local government. Business properties are treated differently than residential properties. The system functions, but could be improved. Taxes and systems of government finance can be changed, for better or worse, by the men and women who have created today's institutions. But change in government does not come in the way that "the market" brings change. Taxes will not continually improve themselves through the competition of the marketplace. Taxes are legislated, and past legislation has produced the laws that we have today. How then can the system be improved? What proposed changes would have desirable effects?
One proposal for improving property taxation goes by the designation “land value taxation” (LVT). The concept is defined with some flexibility. LVT recalls Henry George’s proposals (without any presumption of being a “single” tax) to capture unearned increments of land prices to help pay for government, which have a long history in both the U.K. and the U.S. And the concerns motivating these proposals are alive in both countries. But the case for LVT is broader than merely capturing such gains for the government, and it is developed well in this volume.

American readers should recall that in Britain a single body, Parliament, makes rules that cover the whole country (with the exception of certain prescribed powers devolved to the Scottish and Welsh legislatures, but currently in suspension in Northern Ireland). Land taxation has been something of a national concern, and for generations there have been debate and effort to inspire action that would apply across the country. (In the U.S., local independence, subject to state government, stands out.) The British Parliament has made three ambitious efforts since World War II to guide land use. This book recounts the results, which fall far short of the hopes. But the story will continue, and there must be action. Town and country planning requires decisions. The positive results might include paying some of the costs with benefits to land. And LVT can be utilized as a means of paying for local government.

Owen Connellan and the contributing authors here summarize the history of LVT. Yet, Land Value Taxation in Britain is more than bare history; it can help in making history.

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