

I Agree With Churchill: let's get stuck into the real shirkers...

They parasitise us from above. But landowners and the Tory party's idle rich are spared the fairest and simplest of taxes.

by George Monbiot



You can learn as much about a country from its silences as you can from its obsessions. The issues politicians do not discuss are as telling and decisive as those they do. While the government's cuts beggar the vulnerable and gut public services, it's time to talk about the turns not taken, the opportunities foregone: the taxes which could have spared us every turn of the screw.

The extent of the forgetting is extraordinary. Take, for example, capital gains tax. Before the election, the Liberal Democrats promised to raise it from 18% to "the same rates as income" (in other words a top rate of 50%), to ensure that private equity bosses were no longer paying lower rates of tax than their office cleaners. It made sense, as it would have removed the bosses' incentive to collect their earnings as capital. Despite a powerful economic case, the government refused to raise the top rate above 28%. The Lib Dems protested for a day or two, and have remained silent ever since. In the parliamentary debate about cuts to social security, this missed opportunity wasn't mentioned once.

But at least that tax has risen. In just two and a half years, the government has cut the rate of corporation tax three times – from 28% in 2010 to 21% next year. George Osborne, the chancellor, boasted last month that this "is the lowest rate of any major western economy": he is consciously

setting up a destructive competition with other nations, creating new excuses further to reduce the British rate.

Labour's near-silence on this issue is easily explained. Under Tony Blair and Gordon Brown, who were often as keen as the Conservatives to appease corporate power, the rate was reduced from 33% to 28%. Prefiguring Osborne's boast, in 1999 Brown bragged that the rate he had set was "the lowest rate of any major industrialised country anywhere, including Japan and the United States". What a legacy for a Labour government.

As for a Robin Hood tax on financial transactions, after an initial flutter of interest you are now more likely to hear the call of the jubjub bird in the House of Commons. According to the Institute for Public Policy Research, a tax rate of just 0.01% would raise £25bn a year, rendering void many of the chamber's earnest debates about the devastating cuts. Silence also surrounds the notion of a windfall tax on extreme wealth. And to say that Professor Greg Philo's arresting idea of transferring the national debt to those who possess assets worth £1m or more has failed to ignite the flame of passion in parliament would not overstate the case.

But the loudest silence surrounds the issue of property taxes. The most expensive flat in that favourite central

London haunt of the international super-rich, One Hyde Park, cost £135m. The owner pays £1,369 in council tax, or 0.001% of its value. Last year the Independent revealed that the Sultan of Brunei pays only £32 a month more for his pleasure dome in Kensington Palace Gardens than some of the poorest people in the same London borough. A mansion tax – slapped down by David Cameron in October – is only the beginning of what the owners of such places should pay. For the simplest, fairest and least avoidable levy is one that the major parties simply will not contemplate. It's called land value tax.

The term is a misnomer. It's not really a tax. It's a return to the public of the benefits we have donated to the landlords. When land rises in value, the government and the people deliver a great unearned gift to those who happen to own it.

In 1909 a dangerous subversive explained the issue thus. "Roads are made, streets are made, services are improved, electric light turns night into day, water is brought from reservoirs a hundred miles off in the mountains – and all the while the landlord sits still. Every one of those improvements is effected by the labour and cost of other people and the taxpayers. To not one of those improvements does the land monopolist, as a land monopolist, contribute, and yet by every one of them the value of his land is enhanced. He renders no service to the community, he contributes nothing to the general welfare, he contributes nothing to the process from which his own enrichment is derived ... the unearned increment on the land is reaped by the land monopolist in exact proportion, not to the service, but to the disservice done."

Who was this firebrand? Winston Churchill. As Churchill, Adam Smith and many others have pointed out, those who own the land skim wealth from everyone else, without exertion or enterprise. They "levy a toll upon all other forms of wealth and every form of industry". A land value tax would recoup this toll.

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It would have a number of other benefits. It stops the speculative land hoarding that prevents homes from being built. It ensures that the most valuable real estate – in city centres – is developed first, discouraging urban sprawl. It prevents speculative property bubbles, of the kind that have recently trashed the economies of Ireland, Spain and other nations, and that make rents and first homes so hard to afford. Because it does not affect the supply of land (they stopped making it some time ago), it cannot cause the rents that people must pay to the landlords to be raised. It is easy to calculate and hard to avoid: you can't hide your land in London in a secret account in the Cayman Islands. And it could probably discharge the entire deficit.

It is altogether remarkable, in these straitened and inequitable times, that land value tax is not at the heart of the current political debate. Perhaps it is a sign of how powerful the rent-seeking class in Britain has become. While the silence surrounding this obvious solution exposes Labour's limitations, it also exposes the contradiction at the heart of the Conservative party. The Conservatives claim, in David Cameron's words, to be "the party of enterprise". But those who benefit most from its policies are those who are rich already. It is, in reality, the party of rent.

This is where the debate about workers and shirkers, strivers and skivers should have led. The skivers and shirkers sucking the money out of your pockets are not the recipients of social security demonised by the Daily Mail and the Conservative party, the overwhelming majority of whom are honest claimants. We are being parasitised from above, not below, and the tax system should reflect this.

