

Shifting the national tax base away from personal earnings and corporate profit and towards LVT would resolve all these conflicts. It would redress the economic balance between labour and machinery in farming and allow more people to be employed, helping to relieve overcrowded cities and revive marginal areas. With LVT in place few would hold more land than they could effectively use, because the LVT payable would be calculated on the basis that the land was put to its best permitted use. It would also discourage holding land in hope of future increases of value since such increases would merely result in steadily rising LVT assessments. Speculative holdings of land on urban fringes would be released for new entrants to farming, and since such land near urban markets tends to be used more intensively than land further out, many new jobs would become available just where they are currently most needed.

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ACTION FOR LAND TAXATION & ECONOMIC REFORM

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The justification for LVT is that land value is created by the efforts of the community at large and not the land holder. Land values rise where settlements are created, power supplies developed or communication links laid. For agriculture, land value is also a reflection of natural advantages such as favourable climate, topography and soils, which, again, no land holder can claim to have created. LVT regards land value as a public resource and hence the natural fund out of which public expenditure should be drawn.

Under LVT farms would be charged according to the value of their land, excluding the value of any improvements (drainage, buildings etc). Crucially, the poorest land in use would not contribute to communal expenditure because it benefits least from communally-created infrastructure or natural advantages. Hence LVT charges would range from zero for the remotest and most marginal uplands, to much higher assessments for, say, intensive market gardening land close to a large city.

Without LVT, public revenue must come instead from taxation of personal earnings (PAYE & NI) and corporate profit. Taxation of human effort and skill replaces taxation for use of God-given space. This distorts the methods and motives of farming in three ways, all of which have far-reaching and damaging consequences:-

- (i) Farm entrepreneurs replace their workforce with machinery and chemicals.
- (ii) Farmland becomes increasingly regarded as a speculative investment.
- (iii) Marginal land is driven out of production.

Present taxes are such that, to pay two employees, a farmer must pay HMRC approximately the take-home pay of a third man, but when he compensates for this by mechanising to raise the efficiency of his workforce, he receives tax relief on the capital outlay. Hence over the years farms have steadily replaced labour with capital equipment and technology. Increasing use is made of combine harvesters, chemical fertilizers, weed killers, pesticides, genetically modified crops, factory farming of meat and poultry – all intended to raise average output per employee and maximize capital intensity. To make economies of scale in using capital, average farm sizes have increased, with many small family farms being replaced by relatively few highly capitalised agribusiness companies, owning many farms and thousands of acres.

Though internally efficient, these corporations create significant diseconomies for the community at large. The loss of farm employment, with its related loss of demand for rural shops, transport, schools and healthcare, aggravates the drift of population to already over-congested conurbations and reduces the amount of physical work available for the less qualified.

Animal husbandry, being more labour intensive, has suffered. Traditional 'mixed farming', where arable fields were rotated with

stock grazing and fertilised organically, has been replaced by specialised crop farms relying on chemical substitutes. It also means that while good pastoral land at home lies idle, we import meat from the developing world, which increases food miles, encourages the clearing of rain forests for stock rearing, and raises prices in the exporter countries above what many local people can afford.

The other destructive effect of failing to extract LVT from land holders is that it encourages the buying of rural land for investment. This is especially evident in the rural-urban fringes where pressure for urban development and periodic releases of Green Belt land make speculative gains most likely. Because investment land can also serve as collateral for loans to make further land purchases, farm owners often maximise their holdings without necessarily using them to the full. All of this forces land prices above that justified by a normal farm income, putting it beyond the reach of many new entrants to farming.

Because taxing of earnings and profits raises labour costs, our farming is vulnerable to undercutting by cheap food imports from low wage economies in the less-developed world, and has long relied on taxpayer's subsidies. These payments are usually based on the area of land a farmer has available (not necessarily in use) for farming. This again encourages farmers to hold more land than they really need, simply to obtain the support payments, so aggravating the shortage of land for new entrants. Furthermore, the whole system of farm support hinders economic growth in developing countries, by making it harder for their farmers to compete in our developed world markets.

Taxing work drives marginal land out of production because it usually needs more effort per unit of production than better land. This explains much of the struggle to make farming pay in remote uplands, and the general under-use of land seen in all but the most favourable areas, which again cause reduced opportunities for young farmers, or recourse to market-distorting subsidies.