We have received the following comments which suggest that the Campaign is not succeeding in putting over its message as clearly as it needs to...

Steve Hill: Unless (like a Tobin tax) a land value tax were implemented globally, you would drive thousands of businesses offshore. Why should Nissan, say, have a manufacturing plant in Sunderland which is taxed on acreage, rather than on the company’s UK profitability, irrespective of whether they are trading in a good year or one (like now, in the depths of recession, with General Motors in bankruptcy) where there are no profits. Self-evidently, they will ditch Sunderland and its workforce in five minutes flat and send Toyota cars to the UK from other plants abroad. How you collect tax on the resulting empty site from a bankrupt owner I leave to your imagination.

Response: You have not explained why LVT as proposed would drive business offshore. As you must know, most businesses are tenants. Economists have never challenged the claim that a tax on the rental value of land cannot be passed on but is passed backwards to landowners, as could be observed when business rates were different on either side of a local authority boundary eg Wandsworth/Lambeth. Total occupation costs were the same, as is predictable according to Ricardo’s Law of Rent.

Landowners would be forced to price keenly to avoid getting stuck with no tenants to provide the income to pay the LVT bill. And a reduction in labour-related taxes would make the country more attractive. New business would be drawn in because land prices would be lower and firms would not have to find the up-front money for the land acquisition.

Nissan in Sunderland would surely be delighted to have a shift from existing taxes to LVT. They would cease to be levied rates on their valuable buildings and plant, and pay only on the value of the site, which is low (not, as you state, on acreage). With reduced labour costs, the company’s high transport bill would fall, and with a reduction in the price of marginal labour, it would be an attractive proposition to expand their plant or transfer production into the UK.