

The Campaign has - can have - no view on the rights or wrongs of the decision to build a third runway at Heathrow. But we have an interest nevertheless, as it is bound to affect land values in the immediate vicinity and indeed throughout south-east England. This will come about as a result of:-

- Increased economic activity on the airfield site itself and around it: aviation ancillary services, cargo handling facilities, hotels warehouses, etc.
- Additional demand for support workers which will boost demand for housing land and land for shops and the usual urban facilities including local government services

- The economic boost this will give to London (City and West End) and securing its future importance
- The new infrastructure required (road and rail - not only in the London area but more generally to and from the Midlands and the West)
- The reduction in pressure to expand Gatwick and Stansted, at least for the immediate future
- The adverse environmental effects of the airport

Most of these factors will tend to drive up land values, though a few will depress them.

What if there is an land value taxation tax regime in place? Those corporations and individuals who gain do not profit personally. Those few who lose are compensated by lower LVT bills. The public revenue gains directly from the enhancement of the land values, facilitating the replacement of existing taxes on work and the provision of capital. And the acquisition cost of land required for developments of this kind is little or nothing.

As things are, the land acquisition costs will be astronomical and those landowners who have gained will pocket their winnings in what becomes a lottery.

There is one further point. Take-off and landing slots are also land value in economic parlance. Even though there is no LVT, it is even now a practical proposition to collect what in effect is a rent for their use. They must not be given away or sold off in perpetuity, but auctioned to airlines for a predetermined number of years, with provisions for review. This principle was established with the auctioning of the 3G radio spectrum in 2000 and is a good one to follow.