

Useful ammunition for the LVT case can always be obtained from [Tax Justice Network](#) and [Tax Research](#)

. But both have come under attack lately from the Isle of Man and the Channel Islands, where there is anger about their activities. TJN is headed by John Christensen, and is a campaign against tax avoidance and tax havens. The website has the title "Tax havens cause poverty" - a questionable assertion. Landlessness is the principal cause of poverty. There are those who own land and live off its rent, without having to work, and there are the rest, who must pay rent and work for wages, for as much as they can wring out of those who own the land. As for tax havens, the form of land value taxation proposed by the Campaign cannot be avoided or evaded, for example by the use of tax havens. Very occasionally Christensen speaks up for LVT, but only as "one of a balanced package of different taxes". Anyone who pushes him any harder on the subject will be dismissed as a crank. Tax Research is run by Richard Murphy whose main mission is also an attack on tax avoidance and tax havens. One might have thought, then, that Murphy, too, would be strongly in favour of LVT, but no.

Christensen makes no claims to being an economist and relies for his advice on Murphy. He writes, "We have had endless and repetitive discussions with advocates of land value taxation. LVT has a place in a modern economy. Many of my colleagues support land value taxation, but not as a single source of revenue. The idea that LVT can provide the revenue base for a modern economy is simply out of touch with reality. Worse still, there is a proven link between direct taxation and democratic representation which would be greatly diminished if we shifted the tax base from direct taxation on income and financial wealth to land taxation." This is a curious argument for not even attempting to collect any LVT at all.

From our point of view TJN does a good job in drawing attention to one of the defects of existing tax systems - that "incomes" and "profits" earned by people and companies are easily avoided and evaded. Yet it says nothing about the way in which these taxes create what in the 1980s, economists referred to as the "Tax Wedge" - the difference between benefits and the gross labour cost required to leave marginal labour with the same amount as they would receive in benefits. This was the result of a combination of the benefits withdrawal rate and Income Tax/Ni. The tax wedge was noted by, amongst others, the Institute of Fiscal Studies, as the principal component of the poverty trap which kept people in long-term welfare-dependency and poverty. TJN has never noted the injustice and harm arising from the differential effect of a tax system which ignores the fact that a business in Paddington is going to be more profitable than one in Penzance due to the better trading conditions in London compared to Cornwall, a difference that will be reflected in the rental values for similar properties in the two locations. As for fundamental reforms to the tax system which would address both of these problems, TJN is almost silent. TJN's concept of tax justice is more than a bit blinkered, it seems.

The brain behind TJN, Murphy, never questions the present tax system *per se*, but in running Tax Research he has unintentionally created a sort of ammunition stockpile for anyone who does want to attack it. There is chapter-and-verse information on tax avoidance and tax avoiders, updated once or twice a day. Mostly it consists of more and more of the same thing and seems to have got stuck in a groove. Murphy's economics are classic Keynesianism and

his view on land value taxation is,

"LVT won't deliver a) because no one has shown it can b) because no one will try it at sufficient rate c) they shouldn't try it at that rate - because then the abuse in the rest of the economy will be enormous. Tax is not a one club game of golf... sorry - but I really can't be bothered to engage on this - LVT has a small role to play in Tax. If you don't get that, I'm wasting my time. That's it "

And on being invited to come and clarify his position to LVT advocates (with a lunch invitation), the reply was, *"Since mind seems closed on this issue, no thanks"*.

Which really is all very strange. The modern term for this is cognitive dissonance, I believe. The invitation is still open. But in the meantime it does no harm that Murphy and Christensen are being challenged. If Britain's offshore tax havens were subject to UK taxes, they would soon become another of the UK's depressed marginal areas and start sucking in money to be paid out in unemployment benefit and regional development assistance. Though the Channel Islands may find it more in their interests to cut a deal with their close neighbours, who would doubtless not say no to the opportunity add these items to the territory of the Republique Francais. The French would probably be happy to let them keep their tax haven status if that was the price. Åland's relation to Finland and the EU would be a possible model.