Our sleuth, a Latvian woman who works for a firm of contract cleaners, has been keeping a low profile of late, but her patience paid off when she discovered what appears to be a draft of the budget speech. It appears that the Chancellor has more courage than we have given him credit for and that Land Value Taxation will be the centre of his policy to get growth back into the economy. We will listen to his statement with eager anticipation on March 21st! At the top of the document is a handwritten note - Prime minister, I think it is time for Plan B!

Mr Speaker, I have received ample advice on how I should present this budget. Opinions vary, but on these issues everyone is agreed:

I must produce growth. I must cut taxes. I must build more houses, hospitals and schools. I must put new infrastructure at the top of the agenda. Tax evasion must be stopped and I must do something with the banks. I must increase wages and get more people off benefits and into work. I must conjure up confidence and there must be a policy that ensures everyone contributes their fair share.

In addition to advice from all quarters there is daily analysis from the economists and the press. Advice and analysis, but from them not a single solution that will achieve all our aspirations.

Mr Speaker, here is a solution. Yes, a single solution. A solution that, if we are brave enough to take it, will achieve growth and prosperity in the long term.

It is clear that austerity does not generate confidence or investment. It is obvious that cuts do not encourage growth and opportunity. It is plain that taxation reduces wages and demand, and discourages production and employment.

I have come to realise that the key to our future success lies in a radical reform of the tax system and this budget sets out how we can raise public revenue and achieve growth.

I do not intend to cut taxes. I intend to abolish them. All taxes on wages, production, sales, profits and property will be reduced and eventually abolished. The immediate result will be that wages will rise and demand for goods and services will increase.

How, then, do I intend to raise public revenue for essential services and new infrastructure?

I intend to collect the economic rent - the economic rent of land - expressed as the annual rental value of every site, excluding any improvement.

Let me explain the benefits to be achieved from this reform collecting revenue by this method:

- It is just, because it returns to the community the increase in site value created by the community and in many cases funded by the community.
- It does not take anything earned by from individual effort or the product of labour.
- It cannot be evaded, avoided, hidden in offshore trusts.
- It cannot be passed on by landowners in higher rents or by producers and retailers in higher prices.
- It is simple to collect. The assessment and administration are relatively easy. The valuation and collection system will not require thousands of civil servants to run.
- It will ensure that vacant and under-used land is quickly brought into best use.
- It will prevent land speculation leading to unnaturally high house prices.
- It will force owners of empty or derelict houses to make them habitable and available.
- It will stimulate economic activity, particularly at the margin, creating job opportunities and promoting wealth creation because marginal sites will be subject to no tax at all.

And finally, Mr Speaker, this reform accords with natural law and economic justice. It ensures that everyone keeps the wealth they create, and any extra production or sales due to location value is given back to society. Nobody has unfair privileges, and everyone has an equal chance to succeed.

Mr Speaker, I will lay before the House detailed plans on how to proceed with this change but in the meantime I commend this budget to the House.