



The government has just announced its infrastructure programme as a means of getting the economy going. We have advocated this ever since the economy started to go bad a few years ago. But... a scheme like the London Underground's Northern Line extension to Battersea ought to give rise to a land value uplift of several times what it will cost to build. This amounts to a gift to the landowners that will happen to benefit from the scheme. They have won in a lottery.

The way to pay for infrastructure is

1. Establish whether the project is worth building. The test is "does the scheme generate more aggregate additional land value than it will cost?"
2. Print the money to pay for it
3. Initiate tax reform so that a substantial proportion of public revenue is sourced from a tax on the annual value of land instead of present taxes.
4. Sit back and wait for the costs to be recovered automatically from the increased revenues from the land value tax, arising from the enhanced land value due to the enhanced infrastructure.

Why is it that neither government nor opposition can see this possibility? Is it just ignorance or something much worse?

*The illustration shows the entrance to the Channel Tunnel at Cheriton, with the town of Folkestone behind*