

Briefing Paper for Motion: The GPEW Manifesto 2024 and Economics

Where the Green Party Manifesto 2024 is referred to, it is this version, published 12 June 2024:

<https://greenparty.org.uk/app/uploads/2024/06/Green-Party-2024-General-Election-Manifesto-Long-version-with-cover.pdf>

Land Value Tax

Land Value Tax is the main policy to tax wealth in the Green Party Policies for a Sustainable Society – Economy Chapter (EC780). We need our MPs to advocate during the current parliamentary term rather than it being kicked into the long grass by defining it only as a ‘long term’ aim. Whilst the 2019 manifesto [1] gave the policy greater prominence, it also referred to ‘the long term’. Five years later, taking clearer steps towards this needs to become a more immediate priority in order to effect important change.

2019 manifesto p. 74: "Over the long term, we will take steps to replace the current unjust, out-of-date system with a Land Value Tax (LVT), designed to redistribute wealth and help fix our broken housing market. LVT will be a single tax (replacing the multiple taxes that currently exist) which will capture the real value of land, and the increased value arising from improvements to it." The 2019 manifesto estimated that the LVT would be levied at 1.4% of the land value at the time.

LVT amounts in practice to a tax on the 50%+ of wealth that is held as land [2]. Since land is impossible to hide while tax on financial assets is easier to evade, LVT taxes wealth in a way that is effective and economically sound. The proceeds from LVT will be distributed to local authorities, after adjustments to reflect the needs of different areas, who will have the ability to vary it locally once it is fully implemented. The ‘reevaluation of council tax bands’ in the 2024 Manifesto would need to include a similar redistributive element if it is not to disproportionately benefit local councils in more affluent areas.

A number of parties external to GPEW support Land Value Tax. Notably, in his critique of the GPEW Manifesto 2024, Dan Neidle of Tax Policy Associates indicated his organisation’s support of it – and disappointment that the Green Party were still only calling it a ‘long-term’ policy [3].

David Wild and Nadine Storey
11 July 2024

[1] [Green Party Manifesto 2019.pdf](#)

[2] [The national balance sheet and capital stocks, preliminary estimates, UK \(ons.gov.uk\)](#)

[3] [Our take on the Green Party manifesto - Tax Policy Associates](#)

VAT removal on Hospitality

The proposal in the manifesto to remove VAT on hospitality is at risk of having unintended consequences which would contradict health policy. A significant proportion of hospitality businesses sell food that is detrimental to health. The Food Foundation [1] identified over a quarter of food outlets in England as 'fast food' with this rising to over 30% in the most deprived areas.

Many commentators on the obesity and health crisis have noted that there is a particular prevalence of fast-food outlets in areas of low affluence. This environment, together with the impact of advertising, contributes to the challenge that people face in managing to eat a healthy diet (for example in [2] and [3]).

Whilst this policy was undoubtedly well-intentioned in order to support Small and Medium Size Enterprises (SMEs) – and to incentivise UK 'staycations' rather than foreign travel - it needs to be developed as policy in a more detailed and nuanced way to ensure that it has the intended effect. Whilst the Green Party is supportive of SMEs, this is not unconditional: such businesses should be incentivised to be positive in terms of social and environmental impact. As currently articulated, the removal of VAT on all hospitality would not offer an appropriate incentive to offer healthy food and the biggest beneficiaries would be multi-nationals such as McDonald's. Corporations such as this do not need the support of a VAT removal to shore up their profits. If they were to use it to drive increased volume by reducing sales prices, this would be an undesirable outcome in terms of increased consumption of fast-food. They might use the saving to increase their spend on advertising which is also an undesirable outcome and conflicts with the direction of travel of Green Party policy to restrict advertising that is damaging, either socially or environmentally (CC121).

The Food, Farming and Countryside Commission, amongst others, are calling for increased taxation on unhealthy foods [4]. This will require careful development and would be undermined by removing VAT on all hospitality outlets.

The Health Policy Working Group, the Food and Agriculture Policy Working Group and the Finance and Economy Policy Working Group have engaged in discussions on how to develop taxation and other incentives or regulation to facilitate a shift towards healthier and more environmentally friendly diets in the UK. Our joint initial conclusion was that the priority approach should be education about ultra-processed foods combined with regulation. Discussions may be continued on this topic.

[1] [TFF_The Broken Plate 2023_Digital_FINAL..pdf \(foodfoundation.org.uk\)](https://www.foodfoundation.org.uk/wp-content/uploads/2023/06/TFF_The_Broken_Plate_2023_Digital_FINAL..pdf)

[2] [Diet, nutrition and the prevention of excess weight gain and obesity \(vu.nl\)](https://www.vu.nl/en/research/2019/01/01/diet-nutrition-and-the-prevention-of-excess-weight-gain-and-obesity)

[3] [The association between the geography of fast food outlets and childhood obesity rates in Leeds, UK - ScienceDirect](https://www.sciencedirect.com/science/article/pii/S0965253818300000)

[4] [PDF-Election-Asks-V7.pdf \(svdcdn.com\)](https://www.svdcdn.com/PDF-Election-Asks-V7.pdf)

Nadine Storey

11 July 2024

Carbon tax units

Carbon tax, internal carbon prices and related carbon offsets are generally stated in terms of a cost per tonne of carbon dioxide equivalent (see [1]). “Equivalent” allows other gases, such as methane, to be converted into units of carbon dioxide using a factor known as the global warming potential.

The UK government also uses the measure £/tCO₂e – shortened form of £ per tonne of Carbon dioxide equivalent for valuation of greenhouse gas emissions. (see [2]). The Climate Change Committee (CCC) always expresses emissions in terms of carbon dioxide and not carbon (see [4] for example)

In the literature, some estimates of greenhouse gas emissions are stated in terms of tonnes of carbon and some in terms of tonnes of carbon dioxide. This is explained in [3] in that 1tC equals 3.67 tCO₂. As there is such a large difference between the two ways of stating greenhouse gas emissions, it is very important to be clear which measure is used. The tC measure is sometimes used in scientific papers. tCO₂ is by far the most commonly used measure in the context of commerce, such as a carbon tax.

However, the 2024 Green Party manifesto (p21) stated carbon tax rates in terms of tonnes of carbon rather than tonnes of carbon dioxide equivalent. This is an unusual way of stating it. The use of carbon rather than carbon dioxide equivalent effectively makes the carbon tax rate much lower. This lower rate would make the carbon taxes raised (Green Party 2024 manifesto p45) impossible to attain with current UK emissions.

We conclude that the manifesto use of carbon was almost certainly a mistake and thus propose to correct this to carbon dioxide equivalent.

[1] Wikipedia Carbon Tax https://en.wikipedia.org/wiki/Carbon_tax

[2] Valuation of Greenhouse gas emissions
<https://www.gov.uk/government/publications/valuing-greenhouse-gas-emissions-in-policy-appraisal/valuation-of-greenhouse-gas-emissions-for-policy-appraisal-and-evaluation>

[3] The carbon budget <https://climatenexus.org/climate-issues/the-carbon-budget/#:~:text=A%20gigaton%20of%20CO2%20contains,one%20GtC%20equals%203.67%20GtCo2.>

[4] CCC 2023 Report to parliament <https://www.theccc.org.uk/publication/2023-progress-report-to-parliament/>

Tony Firkins
11 July 2024

Language around Public Sector ‘Debt’

The Green Party is different from other parties and seeks to shift away from conventional politics and economics (PB103). PB412 also asserts that ‘New economic ideas, institutions and organisations are needed’.

To enable new economic ideas to be taken up, there is an initial role to play in shifting the dialogue. The 2022 ‘Review of the impartiality of BBC coverage of taxation, public

spending, government borrowing and debt' by Blastland and Dilnot [1], identified a need to introduce more heterodox economic thinking into the public debate. Even in a small way, it is thus important for the Green Party to avoid playing into established narratives and to seek to gradually shift the debate. This was done in part in the 2024 manifesto through much of the wording on p. 22. This can be further strengthened by amending the heading and the wording in the final paragraph on p.22 (and the comment in the table on p. 45) to shift away from notions of 'debt' and 'borrowing' which are easily misunderstood by the public as analogous to a household. The paper by UCL [2] supports this by providing an accurate description of how public investment works. The change to the wording on p. 22 also moves subtly in the direction of communicating that the accurate way that things work is spend, then tax, rather than the other way around. On p. 45, the deficit (portrayed as a negative by other parties and the media) is reframed as additional public investment.

These changes may attract questions but that is to be welcomed as our MPs have the opportunity to challenge Labour on their damaging and false notion that there is 'not a huge amount of money there' – Rachel Reeves, Chancellor on 5 July 2024 [3]. Relying solely on pointing towards a wealth tax is not sufficient (on its own) to fund the policies that Greens need to shift the government towards.

[1] [thematic-review-taxation-public-spending-govt-borrowing-debt.pdf \(bbc.co.uk\)](https://www.bbc.co.uk/news/health-68111111)

[2] [the_self-financing_state_an_institutional_analysis_of_government_expenditure_revenue_collection_and_debt_issuance_operations_in_the_united_kingdom.pdf \(ucl.ac.uk\)](https://www.ucl.ac.uk/finance/pubs/2023/04/the-self-financing-state-an-institutional-analysis-of-government-expenditure-revenue-collection-and-debt-issuance-operations-in-the-united-kingdom.pdf)

[3] ['There's not a huge amount of money,' says new chancellor Reeves - BBC News](https://www.bbc.com/news/health-68111111)

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11 July 2024

Consultation Process for this Motion

Please see separate consultation log provided.

Most consultation has been conducted within the party as we regard discussion of the manifesto as a confidential topic. However, a commentator, Paul Scholes, was consulted confidentially as he had provided a helpful critique of the manifesto, particularly from a monetary policy point of view. Other published critiques were also consulted to see where our manifesto could be clearer.