

Stamp duty cuts don't work: they just increase house pr...

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According to the FT this morning:

UK chancellor Philip Hammond is drawing up plans to help first-time buyers in his Budget later this month, in an attempt to show the government is getting to grips with the housing crisis.

The chancellor is preparing a stamp duty cut for first-time buyers as a signal that the Conservative party understands the widespread resentment felt by those locked out of the housing market because of high prices, according to government aides.

It's staggering that this trick, tried so many times before, might be tried again. When will the Treasury realise that all that happens when such a move is made is that the house price goes up by the value of the stamp duty saved, exacerbating the whole problem?

This has been tried time after time after time. And the lesson has yet to be learned that the housing problem is not that it's overtaxed, but undertaxed, and that is why prices are too high.