TAX ON LAND VALUES STILL THE KEY

Poll tax threat to democracy

THE dictionary defines "accountable" as "bound to give account", in the context of responsibility to others; to give account of one's actions means to explain them. In this sense, politicians in a democratic society are undoubtedly accountable to the electorate as a whole for all the decisions which they make, for example, on questions concerning taxation and public spending. If the electorate is not satisfied with the performance of its elected politicians, the remedy is available through the ballot-box.

It is less easy to sustain the notion that politicians are specifically accountable to particular sections of the community such as taxpayers or ratepayers, because a fundamental principle of democaracy is that every citizen has an equal right to a say in how the community is governed. The poor pensioner paying very little in tax is entitled to one vote, no less than the millionaire paying large amounts in tax, or, for that matter, the whisky-drinker who makes more than an average person's contribution to the national coffers.

For this reason, there can be no direct link between voting and tax-paying. Once the idea of such a link is accepted, on the principle of "no taxation without representation," it is a short step to the argument that pensioners and the unemployed should be deprived of their votes and that the right to vote should be dependent on a property qualification.

WHO PAYS RATES? In Britain, everyone pays rates as part of their share of the cost of household expenses, and indirectly from general taxation through central government's contribution towards the cost of local authority spending.

It is a fallacy to assume that some taxes are more effective than others in encouraging politicians to be vigilant about the way that public money is spent. The introduction of a Community Charge (or Poll Tax) will do little to curb high-spending councils. Money spent on "gay centres" and the like makes for lurid headlines, but the amount spent in this way is a tiny fraction of the total. "Loony" politicians, the rating system and supposed lack of accountability are a minor cause of local government waste.

There are three principal reasons for local government waste, the first being the natural tendencies of all bureaucracies to keep on growing.

The second concerns financial control. Budget allowances, based on the previous year's spending do not promote economy.

Equally important is the fact that local authorities are not expected to produce regular valuations of their assets; one might find, for instance, a council owning a depot in a valuable town-centre site. There may be excellent operational reasons for having a depot at such a location, but the site should be regularly valued and the rental charged to the council committee responsible. This would enable the true costs to be identified and the council would be able to manage its resources rationally and efficiently. Unfortunately, such valuations are not carried out.

• NICHOLAS RIDLEY, left, the Minister charged with the unpopular task of persuading the British to accept the abolition of the local property tax in favour of a Poll Tax, says: "Of all the arguments for change, [accountability] is the one which people do not seriously challenge."

• Wrong, argues HENRY LAW, who says that the government's bill now passing through Parliament threatens the basic philosophy of a one-man/one-vote democracy, and he proposes a reform of the property tax which would be faithful to the Thatcherite ideal of accountability.

The third cause of waste? Poor management, which is largely related to local authority staff selection and recruitment.

The *Poll Tax* will not cure these problems.

Taxes and benefits are another area of concern. The cost of providing local services does not increase in direct proportion to the number of people living in a house. Councils have to pay for the police and fire services, and to sweep, light and maintain roads, irrespective of the number of occupants.

"Personal" local authority services tend to be "consumed" largely by children and pensioners; the "benefits received" principle would imply that a community charge ought to be linked to the number of schoolchildren or old people in a household!

Nevertheless, if taxes and benefits are to be related, it should be to benefits available rather than to benefits received. The quality of services varies from place to place even within the same local authority area. Some schools are better than others, and not everyone can live opposite a park. This is reflected in the price of properties.

Although there are even fewer landowners than there are ratepayers, it is landowners who are the ultimate beneficiaries of local authority services. Indeed, the most accurate measure of the quality of public services on offer at a particular place is the value of land; land values are a measure of what people are prepared to pay for these services. A park or a good local school will push up land values, which are also enhanced by facilities such as a frequent train service.

If we wish to relate taxation to benefits, we must move towards a system of taxation based on those land values – a Community Charge on land values.

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