



ABOUT TAXATION

Too Much For Granted

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PROFESSOR C. T. Sandford's book, *Realistic Tax Reform** is, I suppose, destined to prove "influential." It is the sort of book that will be read by bright undergraduates, by the "research teams" of the political parties and so on.

It begins well. We are told how our taxation system developed—"like Topsy," as Professor Sandford cogently puts it. We are told that there are a lot of widespread fallacies about that taxation system—for example, that the UK is the most heavily taxed country in the world; and that the more you earn, the higher proportion you pay in tax. These and other fallacies are popped one by one. We are then treated to a most interesting analysis of the various objectives which a government may have in collecting taxes in the way that it does. All of this is grand stuff: carefully analysed, lucid, and difficult to fault.

It is later, however, that the book begins to wilt. We are told of a number of marginal reforms, we learn something of the mysteries of value-added—but we learn very little of any radical reform of the tax system. The index, admittedly, is rather short, but some indication of the author's approach is given by the fact that the word "land" is not listed.

Nor do we see an analysis of *why* so much taxation is needed. This, I fear, is absolutely typical of the approach of nearly everybody who writes on taxation today. It is all very well to ask us, the taxpayers, to fork out money for a lot of worthy objects, but it does seem to me worthwhile, even with the worthiest objects, to ask just how much money is going where it is supposed to go, and how much is being wasted. I have the lingering suspicion that we

could get just about all of the present benefits from public expenditure at half the cost or less. A variant of Parkinson's law seems to operate throughout our system: expenditure rises to meet the amount of money that people are prepared to pay in tax. One day, perhaps, someone will write a *really* radical book on taxation. That book will begin by asking what money is really needed. Then it will proceed (here rather following the lines of Professor Sandford) to analyse the purposes of taxation. Then it will critically examine these purposes, and decide which ones we ought to follow. It will then decide what sort of taxation system will best fulfil the useful purposes, and will conclude by telling us how to get from the awful mess we are in today to a system which begins to make sense.

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*Chatto & Windus, £1 paperback, £2.25 hardback.