



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.

Not far Enough

COLIN CLARK'S *Taxmanship** is a new edition of a pamphlet which shows many of the characteristics which we have come to associate with IEA productions: fresh; scholarly; reasonably readable, and in some ways quite radical—yet disposed to strain at gnats while gaily swallowing camels.

The revision is not as complete as one might wish; the passages dealing with capital gains belong more to the date of the first edition (1964) than to the present, and there is an astonishing statement concerning contracts of young persons which was not correct when written, and ignores the subsequent reduction in the age of legal adulthood.

The author points out many of the

vital and depressing facts about high taxation, both from a moral and from an economic point of view. He refers—although perhaps not enough—to the way in which inflation discourages long-term planning; but one would like to read more about the way in which pressure groups acting on the Administration have come to replace the free market as the determinant of directions of economic change.

Readers of *LAND & LIBERTY* will welcome Colin Clark's statement that "Land, it has been said, is the perfect subject for taxation. This is undoubtedly true." They may even accept some of his qualifications; but they will find it difficult to understand why he does not develop the land tax idea more extensively in his "Policy Proposals," or explain just which kind of land tax he favours, and why. Indeed, the "Policy Proposals" are not properly bound up with the main part of the booklet. Thus, Colin Clark accepts that astonishing device the "Value-Added Tax," without closely arguing the desirability of such an innovation. Not to put too fine a point on it, one suspects that Mr. Clark (like Mr. Barber, for that matter) favours a V.A.T. not because of its own merits but because we would need to apply it if we joined the Common Market.

In sum, we may say that this booklet is worth reading—even if the reader has to go to the extent of buying it himself. It contains some useful factual information, and a good many fresh ideas. But those who are looking either for some sign-



posts out of our present morass, or for a guide to the taxation system of a just and free economy, will, I am afraid, be largely disappointed.

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