

TAXING POLL QUIRKS

MARGARET Thatcher did not realise that there were a few quirks to her novel alternative to a residential property tax, writes Ian Barron.

The Poll Tax — or, as the Prime Minister prefers to call it, the "community charge" — came into operation in Scotland this year. It starts in England and Wales next year.

The tax is on the head of every adult over the age of 18, with a few exceptions (such as for the insane).

QUIRK 1: many low-income families will receive bills that are larger than their liability for property taxes on their homes. Old age pensioners are particularly vulnerable. But one of Mrs Thatcher's ardent parliamentary supporters, Mr Toby Jessel, the MP for Twickenham, perceives a solution to that delicate problem.

He wrote to one of his constituents, 74-year-old Edward Quirk: "Where there are two adults some will pay more and some will pay less than previously."

Not to worry; as the candid Conservative noted: "As, alas, we all have to die some time, then when one partner goes only one community charge will be paid instead of two."

That was no comfort to Mr Quirk, who would rather retain his wife Pat in good health and be able to pay for their groceries without being further impoverished by the Poll Tax.

QUIRK 2: farmers, whose agricultural land was exempt from the property tax, will now face increased bills. According to Leeds University lecturer Dr Duncan Pickard — he also operates a farm in



• Duncan Pickard

Yorkshire — the Poll Tax will cost farmers about £276m.

That is more than double the farmers' property tax liability, which Dr Pickard estimates at about £119m.

Mrs Thatcher relied on landowning aristocrats in the House of Lords to overcome opposition to her abolition of the residential property tax. The Peers of the Realm dragged themselves in from their country estates to pass the legislation.

They evidently did not do their sums. For the Poll Tax on farmers, their families and workers will push up labour costs. And these, eventually, will have to be paid out of the rent of the land.

Says Dr Pickard, who occupies some of his acres as a tenant: "When the landlord's agent comes to see me, I'm going to tell him that the Poll Tax payments will have to come out of rents I pay him."

perty market.

• Analysts claim that the commercial property market is not showing signs of distress — yet. One construction economist, Dr Richard Roberts of Barclays Bank, claims that the commercial sector will not be over-supplied before 1991 or 1992. When that happens, there will be an

economy-wide crisis in the property market.

IN WASHINGTON, the Federal Reserve has started to loosen credit controls in the hope of preventing a slide into recession.

The Bush administration wants a controlled — "soft" — landing: a cut-back in consumption without

a drop in employment. The economic trends are confusing, which enables economists to inject a great deal of wishful thinking into their analyses. Wall Street, on the whole, claims that the US economy is heading for that "soft" landing, which has helped to push the price of stocks back to their pre-Black Monday levels.

The Thatcher government, however, is determined to keep interest rates high. The control of "inflation" is its No.1 priority — even if that means a rise in unemployment. No thought is being given to a radical reform of the land market.

This means that a depression in Britain is unavoidable: historically, peaks in the cycles in land values have always been followed by deep recessions. There is no reason to believe that such an outcome can be avoided this time.

Greens 'used tricks'

BRITAIN'S Green Party made striking advances in the EEC-wide elections in June. Now Mrs Thatcher's Conservative Party has struck back, by publishing what it calls the Green's "hidden manifesto".

One of the policies which the worried Conservatives say was used to "trick" the voters: a tax on land values (the Greens call it a "Community Ground Rent").

The tax, far from being a hidden policy, was highlighted in the national newspapers on at least two occasions during the campaign.

The environmentalists say it is designed to ensure that "the community rather than the landowner benefits from any development and that individual owners could not benefit from uses which are unkind to the land".