

Sabotage Taxation

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THE EAGERNESS of international bankers to advance £2,000 million through the International Monetary Fund to the Bank of England and their frequent visits of detailed enquiry into its accounts bodes ill for British national sovereignty. Whenever a nation is unable to pay the interest on its debts, the creditors move in, either openly or with more discreet, and therefore more deadly sophistication. In 1580 Portugal's debts to Spain brought the Spanish creditors to impose the Sixty Years Captivity. Portugal's humiliation was open and unequivocal. In the South American republics, the Yankee creditors used local dictators to extract payment of interest and capital. Today in Britain our international creditors manipulate the Labour Government as its willing bailiff to transfer the Bank of England debt to the working population by means of wage freeze, import duties, inflation and mass unemployment. Small wonder that this Government is one of the most unpopular regimes ever, even with its strongest backer, the Trades Union Congress. A reckless debtor has few friends, and his closest relations disengage from approaching bankruptcy.

Already the Welsh and the Scots are seeking to disengage themselves from this huge national debt, expressing this tendency in demands for Home Rule in various forms from constitutional voting to armed extremism. Beneath the froth is the determination to leave the Bank of England to pay its own debts and to avoid the drastic taxation about to be imposed upon the British people. The bombing of Inland Revenue offices in Wales is no accident but a calculated attempt to disrupt the machinery of taxation. When records are lost, the complicated collection of tax on income and capital becomes chaotic.

This method of taxation requires full co-operation from all employers and handlers of money, at their own expense, both to collect and account for tax deductions. The visible staff of the Inland Revenue receives and checks all returns from this invisible unpaid army of collectors. A third army of private auditors and accountants, paid by individual taxpayers, exists to check the accuracy of both the official and unofficial collectors of tax. The inter-action of these three completely non-productive armies leads to their mutual increase in numbers and consequent expense of collection, which,

being borne solely by the taxed population, must cause a continuous rise in the proportion of income and capital culled in tax. As this ratio approaches 40 per cent, the burden of collection nullifies the extra tax collected. The sources of taxation become depleted, if not exhausted, as shown in the marked reluctance of many people to make the extra effort or investment needed to pay the extra tax.

Each nation has its own critical tax level beyond which the nation declines into stagnation. When this despair becomes general, population becomes static and declines, as the indigenous Indians of the Americas have shewn. How far taxation in Britain has engendered this spread of disintegration is not known, but the signs cannot be ignored. The possibility of progressive collapse cannot be entirely discounted.

Whilst central government taxes through the Inland Revenue, local government taxes the value of improvements to land through the rating system. The rate is payable in advance and is enforced by legal means. It is not a contract but a tax primarily to finance local government, levied on effort and investment, i.e., improvements to the raw land!

Where land is not used or improved and where buildings are not in occupational use, no rate is due. Thus land and buildings can be left idle without being taxed in the speculative hope that scarcity value will attract a good sale price.

When demands for tax emanate from two powerful sources and impinge on the same source of revenue, albeit for separate central and local financing, the danger arises from one set of demands taking too much from the available funds and leaving the other set of demands unsatisfied. When the taxed firm or individual is made bankrupt for one set of taxes, the other demands are also irrecoverable, and the burden of unpaid debts and employment usually falls upon the locality not on central government. This means in practice that the different Commissioners arrive to achieve a balance in tax demands by means of cross subsidies and grants so that the maximum total tax is extracted without "killing the goose that lays the golden egg."

The only source of direct tax being labour (effort) and capital (past effort) means that an increasing share of all tax collected must be absorbed by collection

costs, but this itself requires an increase in the proportion of the total labour force engaged in this effort, thus throwing a greater load upon the productive residue. If, as is becoming apparent, this residue falters under stress and loses heart, being but human, then serious economic and financial strains develop. At a critical point an undue amount of energy is transferred from production to complicated methods of evasion and avoidance. In the opinion of many economists, this point where the Gross National Product becomes negative has been reached, and no amount of inflation, currency debasement, unemployment or dis-investment will reverse the process. More blood-letting renders the patient incapable of recovery. Existence is only possible by borrowing blood from sympathetic donors and leaving repayment to the indefinite future.

Desperate illness calls for desperate remedies. Old failed treatments may be replaced by radically different remedies by new doctors. Discredited, bankrupt governments are swept aside by new. The British lower middle class will not welcome new advocates of the old tax-mad remedies. They will seek and support any tax system likely to transfer the burden to other classes.

Any new British Government will be faced with a broken tax system and financial chaos. It will be faced with the dual task of re-starting the economy and raising revenue from a tax-weary recalcitrant populace. Immediate abolition of taxes on effort and capital would not be necessary or expedient, but a 50 per cent reduction in the first year, followed by a series of 10 per cent annually, allows a reasonable run-down. Any new administration of any worth would by definition have a clear knowledge of its mandate to transfer taxation from the active factor, labour past and present, to the passive factor, land. Its principles of operation would be widely known, but not until it attained power could the administrative machine be set into motion. This merely entails the recruitment of professional staff, expert in handling large masses of land value data. It will be seen that the basic expertise embraces geographers, land valuers, town-planners and supporting staff for collection of tax assessments and re-sale of land.

All revenue requirements for central government are obtained from a value-tax on every square yard of the nation having a value. Raw land value should be assessed over broad areas, taking good land with bad, peat bogs with pasture, broken terrain with fertile valleys, in wide sweeps of surface. Having recorded these multitudinous items by computer, a general rate of tax based on the raw land-value of each occupancy is imposed, sufficient to make up the required revenue return. Many land-holders waiting for speculative appreciation of the holdings

will find the gamble absorbs too much tax and will dispose of the land on the market. Others will buy in order to use the land, but as the tax is known to all, inflated prices will not be paid. Many persons like owning land for many reasons, some even sentimental, so dearth of buyers is unlikely. Where certain land finds no buyer, at its tax assessment, progressive adjustments can be made in assessment until a buyer appears. Conversely where too many buyers appear, an upward assessment is indicated. As ownership depends on ability to pay land-value tax, revenue is certain and easy to collect as the asset is visible and irremovable.

Since the 1947 Planning Act, every hereditament carries one or more permitted uses. It matters not that these uses are actually operated partially or not at all as the occupant is minded. The extent and therefore the value of each permitted use can be assessed and quantified to form the basis of a tax assessment, upon which a general rate can be levied. The occupant has a choice of operating the land to the limit of its permitted use, or of disposing to one who will, or of failing to use the land fully, regardless of payment of full tax. Holding land in idleness would prove to be highly expensive and uneconomic. Buyers will ensure that they possess the will and the ability to use the land fully.

Provision is made in the Planning Acts for the formulation of Development Plans by local planning authorities, and for changes of use. Any change would, of course, attract a different level of tax. The present scandal of accumulating uses on individual plots to obtain a fictitious value will prove too costly, as will under-use or non-use of land.

The economic pressure caused by this system of taxing for local needs will uncover many slacknesses in present planning. When local revenue depends on efficient planning administration, planning blight will disappear.

The British economy, trapped between intense protectionism and unsound inflation of paper money, has lost its financial stability. Huge deficits in its nationalised activities are swamping and drowning all credit balances. The lower middle class is being loaded with these huge debts, repayment of which means unbearable taxation. After a certain level of tax-burden, this economy may well become ungovernable, not from active rebellion, but from sheer passive inability to pay. Already public morale is fading. Tory promises of more efficient taxation are as suspect as Socialist practices of seeking heavier taxation on every form of capital and effort.

Any new regime must therefore replace a discredited bankrupt system by one which eases the burden on the lower middle class, if it is to survive. Hence no apology is made for suggesting that taxation must be lifted from capital, effort and invention and placed on land.