

The poll tax saga

# Taxing Problem

There must have been times when, for jobbing backbench Tories, the poll tax has seemed like a hideous accident. How did the government get itself into such a godawful mess? Surely Conservative government is all about the skillful manipulation of power? To answer that ideological governments are different, is to take Thatcher at her admirers' words: that what she did, she did out of conviction. Ideological she may have been; but she was better at statecraft than her burning sincerities suggest. Ideology alone did not keep her in power for 11 long years.

So where did the Tories go wrong? The brief answer is that the Treasury, the Department of the Environment (DOE), the cabinet and the party leadership did not co-operate. They devised no common political strategy for 'marketing' and implementing the poll tax. The poll tax was thus a signal failure of government. As the prime minister who failed to force on the Treasury, the DOE and Conservative MPs a coherent strategy for the tax, the current debacle marks her inability to lead on this area of actual - as opposed to rhetorical - politics.

But talking about the poll tax, and who isn't, the first thing is the most obvious: that whatever government had been in power, local government finance would have been in a mess. Local government finance is in a mess in most developed countries. The reasons include the obvious: when central governments launch purges against public spending, local government is left to pay the price, out of necessity or for political reasons. Another is the mismatch between the service-needing community and the tax-paying community.

Large units, like the nation, provide a much wider range of services (something for everyone) and both the services and the payment for them are standardised. This minimises our hovering sense of unfairness. But in small communities, like local councils, the rift is large. It is what has devastated many an American city, as the middle class has opted for the neighbours, the taxes and the services of the suburbs. The care of the mad, the unemployed and the derelict can be left to the mad unemployed and derelict. Thus, the problem of local government finance is part of the much wider problem of achieving a fit between community (neighbourhood, city, region, nation, continent) and political institutions.

Perhaps it is one of the most profound political failures of the 1980s that virtually nobody discussed how to connect needs, payments and community - whether the community was nation, single mothers, the aged, or the capital city. Certainly, it is clear from talking to those who were involved in devising the poll tax that these problems were not



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uppermost in their minds. It is also clear that the tax's parents (and in those days many claimed parentage) were preoccupied with two myths which corrupted their judgement. One myth was of the Blameless Widow, the other was of the loony Labour council.

The two authors of the tax were a small group under Lord Rothschild which advised the DOE in the mid 1980s, and Douglas Mason of the Adam Smith Institute and their Omega Report. The former group directly advised Thatcher through Victor Rothschild at a meeting at Chequers. Douglas Mason says he only spoke directly to junior Scottish Office ministers (still the last redoubt of the poll tax) although the Adam Smith Institute is certain their work infiltrated the party more widely. This claim rests on the unlikely hypothesis that Tory MPs spend their spare time reading political works.

What is striking about the two groups, so different in politics and style, is how both absorbed the same hostile image of local state and social need in the 1980s. Both attacked the rates in the name of the widow because, assuming she did not widow herself, she is the only blameless single person allowed in Tory demonology. Next door to the widow invariably live a couple with four strapping sons, all of whom earn huge sums on shady building sites. Why, oh why, should the blameless widow pay as much in rates as her feckless neighbours?

Transfixed by their mythology, they did not count how many blameless widows there were (and how many houses bulged with strapping youths); if they had, they would have realised no contro-

versial political strategy could be launched on such a small base. There simply weren't enough widows. They would have had to talk about single people in general; but in Tory demonology all single adults, bar widows, are morally suspect.

The second myth that had a disproportionate influence on the policy advisers was that of profligate Labour councils. Now all the people who were advising ministers high and low knew that women's units, peace units and nuclear-free zone policies absorbed a negligible proportion of local government spending. For both supporters and opponents, the functions of these policies were largely symbolic. Still, wars can be started over symbolic issues. And it was not in the interests of either Labour or Conservative to decode the symbolism. Both sides had a political interest in treating black rights, women's rights, gay rights and the desire to avoid nuclear contamination as decisive in shaping local policies. It was part of the refitting of political institution to new community. For Tories, even £5 spent on talking about homosexuality was £5 too much, and they were able to mobilise their new political communities, such as the Catholics and the orthodox Jews of Tottenham, as new Tory voters on this very issue.

Only when the sums came to be done did the reality of social need clash head on with Tory demonology, and by that time Nicholas Ridley had already blithely promised a poll tax of under £180 per head. By that time, Thatcher and her entourage had already left it too late to think through, and take responsibility for, the enormous question of paying for public goods, delivered locally. The Treasury would not agree to any scheme for reducing the cost of poll tax, and the DOE would not agree to phase it in. Tory backbenchers did not think beyond a scheme that would reduce the outgoings of rate-payers and be a bat to beat Labour councils with.

And now they are in a mess which they do not understand. If the first reason for the mess is the decisive lack of political leadership for the tax, the second is a general one which is afflicting most national governments. What, in the 21st century, will be the arrangement of power and responsibility between supra-national organisations, local political institutions and the nation-state? Thatcher turned her back on both local and supra-national arrangements and has decided to go down fighting for the nation-state. As her party wonders if they should follow her, Labour, at least, has a little more space to work out what sort of political arrangements will fit the new political communities.

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