

## Obligation to pay taxes

*The following was originally written as a contribution to a London School of Economics project (ConstitutionUK) to crowdsource a proposed new constitution for the UK. It proposes that a new constitution should prohibit government from demanding taxes in any form which people have no natural capacity to supply.*

My focus here is on a problem which is so deeply embedded that most people are simply unaware of it: the legitimacy of government demanding taxes in a form which people have no natural capacity to supply. I'll be mentioning this in contributions in the ConstitutionUK Devolution and Local Government sections but I'm exploring it here in more depth. It's a problem many people might have difficulty recognising but the solution to it – the right to pay taxes in labour – has far-reaching implications (and might offer a way to force constitutional reform onto the political agenda).

By requiring taxes to be paid in money, the state inflates the inequality between those who have money and those who don't. It creates a one-sided obligation; the taxpayer is obliged to obtain money, but the people who hold it have no obligation to pass it on – effectively they can name their own terms. Requiring people to pay taxes in money rather than labour makes the poor subservient to those who effectively control the money supply.

It's not easy to appreciate how damaging this is because money is so central to our lives that most people can't readily envisage living without it. It might seem that, if we need money to obtain the necessities of life, then the subservience is there anyway and the need to get money in order to pay taxes doesn't necessarily increase it to any significant degree.

But the need for money to buy food and shelter comes from the inability to obtain those things directly and this inability is, to a large extent, the product of other unsatisfactory laws – most obviously the laws denying people a right to land. And even if people can escape the yoke of money in their private lives (through developing a self-sufficient lifestyle) they still remain bound to it by the demands of the state; demands which in fact constrain their ability to escape, because they are obliged to live somewhere where they have an opportunity to earn money.

The requirement that taxes be paid in money rather than labour not only reinforces inequality, it's also clearly inefficient. Some people are simply unable to obtain the necessary money and are therefore excluded from the general obligation to contribute to society – while at the same time a host of lesser public services are neglected because the state is unable to pay people to perform them. Such exclusion is likely to reinforce the sense of alienation that people at the bottom of society feel and removes a powerful motivation for engaging in democratic processes.

In addition, as I'll be suggesting in a post in the Government section, the obligation to pay taxes in the existing form of money also inhibits the emergence of an alternative medium of exchange which could form the basis of a more stable monetary system.

A constitutional right to pay taxes in a form which people have a natural capacity to supply – i.e. labour – would be a huge change which has implications for the relationship between local and central government. It's only at the very local level that it's feasible for taxes to be collected in labour; for practical purposes, direct taxation of the individual by higher levels of government *requires* taxes to be collected in a fungible form. Giving people a right to pay taxes in labour therefore implies the right to pay them to local rather than central authorities.

I should make it clear that I'm not suggesting that taxes *must* be paid in labour, and I don't imagine that most of it ever would be – most people will probably always find it more convenient to pay in money. But giving people a *right* to pay in labour would impose a discipline on government

which is currently lacking. (In the Devolution section I'll be reformulating this as a proposal that people should be able to choose between paying their taxes in money to higher-tier authorities or paying them, in labour or money, to their lowest-tier authority.)

The reason I suggest that this offers a route to force constitutional change is that it provides an easy way to provoke a constitutional debate in court. Obviously, it's a route which should only be taken if political avenues are blocked but, in those circumstances, a threat to withhold taxes until the government justifies the existing law would put them in a very difficult position.

In the words of the late Lord Bingham, 'respected and authoritative voices now question whether parliamentary sovereignty can coexist with the rule of law'. So far, that potential conflict has not been raised directly in court but, forcing this issue into the legal arena would oblige the government to justify the legitimacy of a law which makes part of the population subservient to another part.

Provoking legal disputes isn't a route any of us should take lightly but, unless we are willing to confront the existing system robustly, we're likely to be stuck with it for a very long time. If we show that we are willing to actively challenge it, on the other hand, we greatly increase the chances that the political establishment will yield to reasoned arguments.

### **Proposed constitutional clause :**

No individual shall be required by law to pay taxes, or otherwise contribute to society, in any form which that individual has no natural capacity to supply or cannot freely obtain. This provision shall not constrain central or local government's right to accept payment of taxes from any individual or corporate body in any form which is mutually acceptable.