

## Voting with your 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 people should be able to choose which level of government to pay their taxes to.*

To my mind, the convention that central government is always sovereign over local government is a serious failing of our present system. It undoubtedly needs to be, in some spheres, at some times, but a truly representative system should be capable of reflecting the fact that, just as our priorities shift in regard to which functions of government are more important, they also shift in regard to different levels of government. Our existing system provides no mechanism for us to express those priorities.

I see two principal reasons for the current dominance of central government. One is the fact that historical shifts of power broke the link between local government and the Lords (who, of course, were originally local rulers). I've written about this at more length in the Parliament section – <https://treasonableman.files.wordpress.com/2016/06/parliamentary-sovereignty.pdf> – where I propose that the House of Lords should be reformed so that its members are appointed by democratically elected Local Authorities. As well as restoring the integrity of Parliamentary Sovereignty, this would give local government a voice in the legislature which would enable them to demand a reasonable degree of autonomy.

The other main reason for the dominance of central government lies in the convention that taxes must be paid in a fungible form (i.e. in money) rather than in labour. This has two pernicious effects: firstly, it makes it possible for taxes to be paid directly to central government (whose control of the legislative process allows them to take as much of it as they like); secondly, it makes taxpayers subservient to those who control the money supply (because it creates an obligation to obtain money from people who are under no obligation to part with it).

I've said more about the second aspect of this in the Rights and Duties section – <https://treasonableman.files.wordpress.com/2015/11/obligation-to-pay-taxes.pdf> – where I propose a constitutional right to pay taxes in a form which people have a natural capacity to supply – i.e. labour. This would be a huge change because 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.

I'm not, of course, 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 recognising a *right* to pay in labour would provide a dimension of democratic accountability which is currently lacking, since it would signal disapproval of the system as a whole.

As I suggested above, a truly representative system should give us some means of expressing which level of government we regard as more important. What I am proposing here is that **individuals 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.**

A reform of this kind would probably be unpopular with people in government (as every reform which constrains their power is). But it would give the public an additional method of demonstrating approval and disapproval of different levels of government; it would oblige different tiers of government to engage with each other on more equal terms; it would almost certainly hugely empower the lowest levels of government; and, as a consequence of that empowerment of local government, it would almost certainly revitalise local democracy.

I'm posting this in the Devolution section because I regard it as a fundamental reform which will hugely affect our perception of the relationship between different levels of government. My guess is

that it would result in much more power residing with the very lowest level of government and I think questions around national identity would then centre on cultural, rather than administrative, issues.

*The following was added in response to a comment on my initial ConstitutionUK proposal:*

Local government will still be operating in a framework defined by national legislation and those things which genuinely need to be done at national level will still need to be financed. Individuals opting to pay their taxes to local rather than central government will be shifting responsibility for providing that finance from themselves as individuals to their local community, who may therefore be required to either pass funds up to the centre or provide services themselves which were previously supplied by central government.

In the absence of other changes, the only substantive difference would be that, instead of money going to the centre and then being channelled downwards, it would be channelled upwards through local government. What it would do, however, is give the public a way of indicating how they think power and responsibility should be divided between central and local government. Even under the existing system, that would significantly strengthen local government in negotiating with the centre over where responsibility for different functions should lie.

In conjunction with the other change I proposed, giving local government a voice in the legislature – <https://treasonableman.files.wordpress.com/2016/06/parliamentary-sovereignty.pdf> – it could allow the public's priorities in that respect to manifest more explicitly, because it would allow votes within the legislature to be weighted according to the distribution of funds.

A change like this would almost certainly involve a transitional period when there would be significant shifting of responsibilities between levels of government but my guess is that it would settle down relatively quickly. And it's possible that even the transitional period wouldn't be any more disruptive than the regular upheavals which currently seem to follow every general election.