

# U.K.'s Thatcher hit by poll tax backlash

by Mark Burdman

British Prime Minister Margaret Thatcher has qualified as this year's April Fool. Appropriately enough, it is on April 1 that one of her more foolish policies will go into effect, the so-called poll tax, a flat-rate community charge, in which each adult Briton is taxed hundreds of pounds-sterling, to pay for community services.

This is a replacement of the previous system of taxes based on the "ability to pay." Starting April 1, the ultra-wealthy Duke of Westminster will be taxed at the same flat rate as a local street cleaner. Precisely because Englishmen are usually so class-conscious and respectful of class distinctions, the measure is unleashing years, if not decades, of pent-up rage against "the British system." Historians recall that the last time there was a poll tax in England was in 1381. That triggered the famous "Peasants' Revolt" in which the Chancellor of the Exchequer was lynched.

The poll tax was introduced last year only in Scotland, in line with a longstanding London tradition of using Scots as guinea pigs. In Scotland, at least 10% of the population there simply refused to pay.

One joke going around town, is that the policy has been named the "poll tax," because Mrs. Thatcher wants to impose the same devastating austerity on Britons that British policymakers are insisting be imposed on Poland. As a matter of fact, the tax scheme was devised by a certain Douglas Mason, on behalf of London's Adam Smith Institute, the same institute which, with Foreign Office money, is playing a major role in bringing Thatcherite privatization and "free market" policies to Poland.

## Iron Lady meets the iceberg

British Conservative Party circles are in a state of panic and alarm about the political backlash that the poll tax has already caused. During a meeting with Thatcher March 1, Tory Member of Parliament Tony Marlowe called it "a political cyanide pill," and a declaration of "war on the people." Former Cabinet Minister John Biffen warned that the tax would be the government's *Titanic*.

A shock has gone through the Conservative Party, following the decision of 18 veteran party local councillors in British Foreign Secretary Douglas Hurd's own Oxfordshire constituency to quit the party in protest. Beginning Saturday March 3, demonstrations began in several British towns and cities against the poll tax, some involving thousands of peo-

ple. On March 6, there were violent clashes between police and demonstrators in Bristol, Birmingham, and other localities, in incidents that began at local hearings about the poll tax. There is evidence that the British Trotskyist "Militant Tendency" was involved in exploiting the actual discontent to create provocations. It is not to be excluded that the Thatcherites are hoping these agents provocateurs will discredit the anti-poll tax movement.

Thatcher's Conservatives are widely expected to lose the important by-election in Mid-Staffordshire, a traditional Tory stronghold, on March 22. The newest opinion polls released in Britain show the Labour Party holding 17 to 20% margins, the worst showings for Thatcher since she came into power in 1979. There is growing speculation in London that a new challenge to Thatcher's rule will be mounted from within the Tory Party, and that she could be out of power by the end of the year.

Biffen's "Titanic" theme was picked up by the influential London *Financial Times*, in its lead editorial March 3. "What is the difference between Mrs. Thatcher and the captain of the *Titanic*?" the paper asked. It answered: "The captain of the *Titanic* did not see the iceberg."

The daily pointed to the poll tax fiasco, asserting that the measure is both bad finances and bad politics, since it is "a legacy of the days of euphoria that is producing fruit in these of panic. When Conservatives fear for their seats, the panic can be impressive." Noting that the political and financial crises are exacerbated by Britain's runaway inflation, the City of London mouthpiece demanded that the government stick to its anti-inflation course, and not give in to short-term expediency: "If the government is unable to avoid icebergs, it would be best if the crew went down gallantly."

## The world's model basket-case

On March 5, the British pound-sterling took an extraordinary dive of five German pfennigs in one day, as investors dumped the currency in reaction to the political and financial situation in the United Kingdom. Should sterling continue to plummet, the British authorities might decide to raise interest rates again, up from the current sky-high rate of 15%. Meanwhile, home mortgage rates average about 15.5%, and the British Treasury is releasing pessimistic forecasts that the imposition of the poll tax will drive the British annual inflation rate up to around 8.5% in April, from its current rate of about 7.7%.

On March 6, the Policy Studies Institute, a think-tank in London, released a study claiming that 2.5 million British households are affected by the problem of unpaid debt, with arrears of around £3 billion on mortgage repayments, credit cards, rent, and other items. Nearly 600,000 households were reported to be in "serious" arrears, according to the report's authors. Most of the families involved are young and poor, with the borrowers usually between 20 and 30 years old.