

[Postcode petrol prices](#) [1]

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Transporting fuel to Scottish islands is an expensive business. This in turn makes motoring on the islands more expensive. The UK government's solution? It gives a 5p/litre reduction on fuel duty on the islands. Which means millionaires who've retired to Arran enjoy a subsidy from poor motorists on the mainland.

So now everyone else wants to get in on the act. There is an election coming up, of course, and now people on 'remote' parts of the mainland? Devon, Northumberland, North Yorkshire and Wales could be in line for the same cut. The Treasury is asking petrol retailers and customers in 25 Counties to provide details of their prices. Well, we know what they are going to say, don't we?

Don't get me wrong. I'm in favour of any tax reduction of any size on any thing at any time in any place. Taxes are far too high. But as well as being low, taxes should be simple. If you are going to tax fuel, or alcohol or incomes or anything else, tax them equally: don't try to use taxes for social engineering. The long-run results won't be happy.

Back in the 1970s, when the UK gave subsidies to 'assisted areas' that were thought to be in need of special support. Of course, everyone wanted the subsidy, and before long, the entire country was one vast 'assisted area' apart from a small pocket in the South East. That is where this kind of me-too politics takes us.

Politicians should not be empowered to favour any particular groups. They should treat us all equally? if we allow them to discriminate, the opportunities for corruption are huge. If people choose to live in remote places, they need to accept the costs of that? along with the benefits, which might include scenery, solitude, simplicity and much else. We should not tax them for the latter and should not subsidise them for the former.

By manipulating the tax system, politicians skew the decisions people make about where they live and what they do. Bit by bit, we end up gravitating to the subsidised places and working in the subsidised industries? instead of going to where we can be most productive in the most productive industries. And then we wonder why the country is broke.

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