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Is it a tax, or not? [1]

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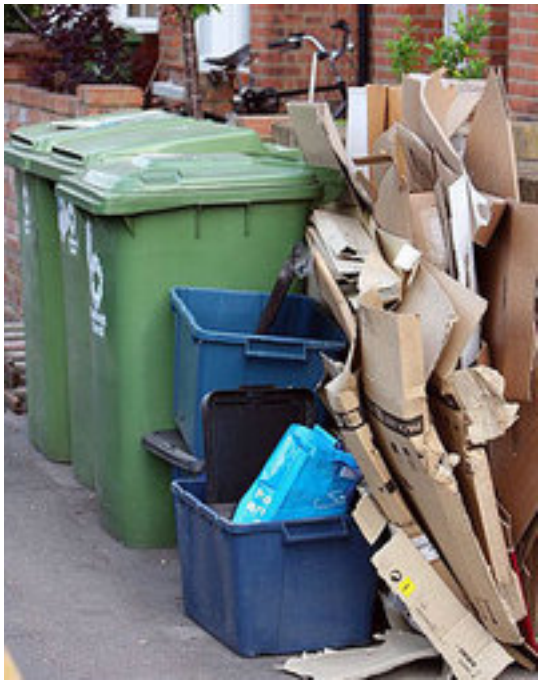

Are pay-as-you-throw rubbish charges a tax, or not? This is a question that seems to be occupying [3] the *Daily Mail* at the moment...

The government has been very careful not to refer to the proposed charges as taxes, preferring to term them 'incentives'. But now environment minister Joan Ruddock has apparently told MPs: "I have just been told by that technically these charges are regarded by the Treasury as a form of tax." Unfortunately, she may be right. But that's because the pay-as-you-throw scheme being trialled by the government is not really a pay-as-you-throw scheme at all.

A proper scheme could work as follows: refuse collection is privatized; people choose from a number or competing refuse collection companies; people pay according to how much refuse they have to dispose of; council tax bills are reduced accordingly. Such a system would encourage people to produce less waste, encourage more recycling, and lead to a higher quality of service (if people were not getting enough collections, for instance, they could change to a different company). With lower taxes and competing service providers, you would get better value for money too.

The government's scheme, by contrast, seems to consist of fining people who don't recycle, and (just possibly) giving a limited council tax rebate to people who do 'go green'. It's is another example of politicians getting their hands on an economically sensible idea, messing it up, and making it unpopular with the general public. And that makes it much harder for the original, better idea to be implemented.

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