

LSE TAX, JUSTICE & SOCIETY

The course provides an introduction to tax policy that links real-world debates about the tax system with ideas from a range of academic disciplines, including political theory, economics and sociology, as well as law.

Tax is a fundamental part of every society. Everyone has views on the justice or injustice of the taxes they pay. The rich pay too much (or too little) tax. It's grossly unfair (or absolutely right) to tax inheritances. Taxes can distort behaviour and create inefficiencies, but they can also correct market failures and help to limit inequality. Why should people pay taxes for services they don't use, or give away their earnings to people who don't work? But, what would it be like to live in a society with no taxes? How can we ensure that everyone pays the taxes they owe? And so on.

The course helps to make sense of these competing views about the tax system. The aim is to address real-world debates about tax policy as they appear in the media and in politics, but to do so in an academically rigorous way. The course adopts an interdisciplinary approach that draws on ideas from across the social sciences to address two main questions: why do we have the tax policies we have, and how can our current tax system be improved? The main examples will be taken from the UK and US contexts, but the insights generated are truly global.

The course is divided into four main parts. Part I addresses issues of justice. It examines the relationship between the state's power to tax and the individual's right to private property, and the role of the tax system in creating a fairer society. Part II addresses economic approaches to tax policy, introducing key economic concepts and the importance of behavioural responses in evaluating the tax system. Part III addresses social, political and legal perspectives on tax policy, focusing on the policymaking process and issues of tax planning, avoidance and evasion.

The final part of the course enables students to apply what they have learned to two topical case studies. The first case study considers the UK's current 'housing crisis', examining the role of the tax system and options for reform. The second case study addresses the major changes to the US tax system signed by President Trump in the 2017 'Tax Cuts and Jobs Act', prompting students to explain and evaluate these developments using the tools that they have acquired during the course.

Session: Three

Prerequisites

Students are actively encouraged to apply from a wide range of academic backgrounds within the Social Sciences, including Politics, Economics and Sociology as well as Law.

There are no subject-specific prerequisites for this course: no prior study of Law or any other subject is required or assumed. The course is suitable for any student with an interest in tax policy.

No prior knowledge of the UK or US tax systems is required or assumed; students are introduced to both of these systems as part of the course.

Programme structure

Approaches to tax policy
Taxation as theft?
Tax and justice
Tax, public provision, and market failure
Economic approaches to tax policy
Key economic concepts
Behavioural responses to tax
Tax in society
Tax and the political process
Tax planning, avoidance and evasion
Case study (1): the UK's housing crisis
Case study (2): the Trump tax reforms

Course outcomes

Explain why current tax policies have developed as they are
Evaluate tax policies using a range of academic approaches
Propose reforms to the current tax systems of the UK and US
Understand and engage with popular debates about tax policy

Reading materials

The following are indicative readings (not core texts):

Murphy & Nagel, *The Myth of Ownership: Taxes and Justice* (OUP 2002), esp ch2 & ch4

Young, 'Millionaire Migration and Taxation of the Elite: Evidence from Administrative Data' (2016) *American Sociological Review* 421-446

Rowlingson, 'Is the Death of Inheritance Tax Inevitable? Lessons from America' (2008) *The Political Quarterly* 153-161

Johnson, 'Tax Without Design: Recent Developments in UK Tax Policy' (2014) *Fiscal Studies* 243-273