

Attention: Zav Rustomjee's task team secretariat

I wish to offer the task team a framing or meta-comment about the contemplated windfall tax, as follows:

In my view, the primary growth-restriction placed upon an economy by a taxing government is approximately represented by the aggregate percentage of GDP taxed away from the private "sector" for government's use. The good or wastage or harm then caused as government spends the tax funds, and regulates the economy, is only secondary and akin to "rearranging the deckchairs" on an already floating or sinking ship of state.

It is the (readily confirmed by Treasury) case that each year now the government's tax take as percentage of GDP rises, driven by out-of-control welfare redistribution, an expansionist 'developmental state' strategy, refusal to privatise inefficient state 'enterprises' or leave the private sector relatively free to perform, and so on.

You get less of what you tax, namely economic growth, so I expect SA's growth rate to (un)steadily decline as the tax % of GDP rises.

Therefore I suggest to the task team that the introduction of a windfall minerals/energy tax is irrelevant as such to the pursuit of the third goal of the national democratic revolution, namely a better life for all through faster economic growth and the concomitant spread of employment, prosperity and so on.

What matters most is the need to stop raising the tax take, and start reducing it significantly, in order to allow faster economic growth.

That is my whole comment. I do not wish to make an oral representation during the August public hearings unless invited (with travelling expenses).

Dr Jim Harris

Box 1567, Honeydew 2040

011 795 3523