

What's needed from the budget

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Tomorrow's budget is a massively political event. Unlike almost all pre-election budgets for a long time there are no freebies to give away: the government's finances are too tight for that. But this does not mean the event lacks interest; far from it — this only adds to the piquancy.

So what is needed? Bu heading, I suggest the following.

The Economy

A programme for growth. The Treasury admit that for every £1 billion invested in the economy more than £1 billion is recovered by HM Treasury. So now is the time for significant public spending. This is the moment for the Green New Deal.

Particular needs:

- 1) A ‘Green’ investment bank
- 2) More lending to small and medium size business
- 3) Direct stimulus through short term projects. We still have an enormous back log of small infrastructure projects to do. Now is the time to do them.

The Exchange Rate

Don't do anything to increase the value of the pound — we have to price ourselves into work.

Cuts

We have well over 2 million unemployed. We don't need cuts until this number is tumbling.

Then we'll need cuts.

Until then cutting increases government costs and borrowing. And what is the economic logic of paying a teacher to sit at home when they could be teaching?

So, quite simply — say there are no one for now and the budget will be rebalanced by growth — which will pay for itself, as Keynes not only said, but which history has proved.

Savings

Cut Trident.

Cut aircraft carriers.

We can't afford either and don't need them.

Tax increases

We do need them. This is the only acceptable way to re-balance the books right now and reduce inequality. We need:

- 1) 50% tax rate at £100,000
- 2) Maximum of £5,000 of allowances per annum for all earning over £100,000 to stop avoidance
- 3) A General Anti-Avoidance Principle
- 4) Abolition of the domicile rule
- 5) New rules for tax residency — I favour a passport based scheme
- 6) **Reform of small business taxation to stop income shifting abuse**

7) A Robin Hood Tax

8) Withdrawal of tax relief on all wages paid over ten times UK median wage — i.e. about £230,000 a year

9) A 2% increase in corporation tax to pay for increased investment in our universities

10) Enhanced tax penalties for tax evaders — the one thing we know we've been promised.

11) Capital gains taxed at income tax rates

12) A restriction on bank loss carry forward

13) A 10% additional tax on bank profits

14) Restrictions on ISAs so only green ISAs get relief in future

and most importantly:

15) At a minimum reintroduce the 10% tax band but with no benefit to those on higher rate

We definitely do not need:

a) VAT increases

b) Anything that makes the UK look like a tax haven

c) Corporation tax cuts

Chances?

If Labour wants to win, high.

If they want the Tories to win because they want them to carry the can for the mess their banking friends made, low.