

If corporation tax cuts don't work will Labour have the...

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The [Guardian](#) and the [Herald in Scotland](#) have covered [my new report on corporation tax](#), competition and its relationships with growth and employment published by the TUC.

As the Guardian notes:

Lower corporate tax rates may not boost economic growth, a new report suggests, taking issue with a key principle at the heart of the Tories' economic policies.

The report, by chartered accountant Richard Murphy on behalf of the Trades Union Congress, suggests the correlation between lower corporate tax rates and higher economic growth is weak at best. "Low corporate tax rates reduce revenues, but fail to create jobs," the report says.

The conclusion is based on an analysis of the corporation tax rates of OECD countries between 1997 and 2010. "Analysis of the correlation between tax rates and growth in OECD countries (excluding the top and bottom outliers) finds that, at best, the relationship between the two variables is weak," Murphy concluded.

The coalition has cut the headline rate of corporation tax in order to boost growth. It was 28% when Labour left office and will reach 23% by 2013. In the last budget, the government said: "The reductions in the rate of corporation tax and healthy financial position of UK companies in aggregate should help support further investment growth."

Ministers say they want to make the UK competitive and attractive for multi-nationals. [TUC](#) general secretary Brendan Barber said: "The government has been seduced by employer calls for more corporate tax cuts. But while everyone wants to pay less tax, from multinational corporations to ordinary taxpayers, the argument that simply cutting corporation tax will fuel jobs and growth does not stand up to scrutiny."

I have no doubt that the evidence will show that to be true.

But the question is - will a Labour government have the courage to reverse these

changes in future? If we are to ever have the public services we need they will have to.

The debate has to begin, now.