

# Is the era of lower taxes, deregulation and rising ineq...

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Gideon Rachman has an [interesting article in the FT this morning](#). I'll start with his conclusion, in which he says:

*James Callaghan, the prime minister Mrs Thatcher defeated in 1979, remarked perceptively: "There are times, perhaps once every 30 years, when there is a sea change in politics." Roughly 30 years after the beginning of the Thatcher-Reagan era, another sea change is upon us.*

What's the mood change that he thinks is happening? Well, simply that there is a new mood, worldwide, that embraces a backlash against the extremes of wealth now seen in so many societies.

Why does he think that's happening? As he puts it:

*As Zanny Minton Beddoes of The Economist writes in a recent essay, "a majority of the world's citizens now live in countries where the gap between the rich and the rest is a lot bigger than it was a generation ago". The trend has been most extreme in the west. As Ms Minton Beddoes points out, in the US "the portion of national income going to the richest 1 per cent tripled from 8 per cent in the 1970s to 24 per cent in 2007".*

And people have had enough of that, and all that has gone with it. His predicated consequence is:

*If this new mood hardens, it could mark the end of an era of lower taxes, deregulation and rising inequality that began in the late 1970s, with the rise of Margaret Thatcher and Ronald Reagan in the west and of Deng Xiaoping in China*

Of course, this is the FT and he has a word of warning:

*As Mr Cameron's [recent] tactless remarks about red carpets [for French tax exiles] have underlined, any government that raises taxes too far and fast is in danger of sparking a flight of capital and business. The super-rich are mobile and well-advised.*

I think Mr Rachman needs to realise just how good our thinking is on capturing the tax base now: almost anything the super-rich plan now could be defeated with the right political will. And that political desire will be created for that change for one good reason. As Gideon Rachman says:

*The merely well-off, however, are likely to find it harder to evade a new push for higher taxes across the west.*

And they vote, and they change politics.

Has the time for change come? I'd like to think so. I've been trying my best to make it so.