

The Laffers are back in La-La Land

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Janet Daly [has written this in the Telegraph today](#):

So we were right all along. Or rather, our hero Arthur Laffer was right. Those of us who insisted that the Laffer curve was a pretty much irrefutable rule of income tax rates and their perverse relation to actual tax revenue collected, were not just rightwing ideologues with an unwholesome desire to protect the "rich". We were bang on the money (no pun intended) on the logic of taxation.

She claims this [because of the data I analyse here](#).

Unfortunately for her, as I show, there was no Laffer effect at all. Far from income going down in 2010-11 as Laffer would predict, it actually went up once one of tax avoidance was adjusted for.

The Laffer fans are, as ever, in La-La Land, clutching at straws when there is not a shred of evidence to support their idea that at any recently tried UK tax rate there is a risk of tax revenue falling because of a rise in rates, or of it increasing because of a fall.

That's because [we're firmly on the upward sloping part of any Laffer curve that might exist](#).