Funding the Future

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Osborne says he will deliver a five point plan today. This would be mine:

First, there should be a moratorium on cuts. It's now not clear they have worked. Maybe the country needs the spending power of those that cuts are impacting more than it needs the cuts themselves. Maybe the tax that people would pay if they feel better about their future would have a better chance of cutting the deficit than cuts themselves. We'll take a two year break and see.

Second, we need to raise more tax. So we'll invest more in HM Revenue & Customs. And we'll give them the tools they need to do their job, including a General Anti-Tax Avoidance Principle.

Third, we need to invest more. There is at present vast wealth in the UK, and it's rising. One indication of that is the growing cash pile big business is sitting on, now running into hundreds of billions. That money needs to be spent, here in the UK on investment in the future that we need. There is a simple way to incentivise that. Corporation tax needs to be increased to 30% again for such companies - as it was for many years, but we'll give them a 50% up front allowance on their investment spending here in the UK. If they spend they save, but we all gain. It's a policy for this moment.

Fourth, that does not deny the fact that there is a real problem with wealth distorting the UK economy. The rich are getting richer and the rest are not and research shows unequal economies do not prosper. That has to be tackled and wealth taxes are a way to do that. We need to prevent the concentration of the ownership of housing in the hands of the few, so buy to let taxation needs to be transformed. we need to look seriously at land value taxation. Inheritance tax has to be made to work. And we need to ensure that tax held offshore is found - which better information exchange can deliver. A programme to tax wealth is part of the programme for clearing our deficit.

And last? It's no good making promises to the existing elderly if there is no similar promise to the generation to come who the baby-boomer children of Thatcher have failed. So pensions needed to be transformed and in exchange for the massive tax subsidies they receive each year pension funds have to now commit at least 25% of all contributions they receive each year to investment in the UK economy that can be shown to deliver new on the ground investment in the UK, whether it be in industry, or infrastructure (such as social housing) or by government in rail, road and other essential projects. That should create a £20 billion pool for investment each year.

With this plan the shift changes from cuts on the poor to taxing the wealthy. It changes from increasing wealth disparity to increase social justice. There is a a change from promoting cuts to closing the tax gap. And there are real plans to increase growth.

This is the plan the UK needs.

Osborne will not be delivering it.