

# The NHS needs to be funded with wealth taxes, not natio...

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A Tory MP has suggested the solution to the NHS crisis [is to increase National Insurance](#). It is staggering how wrong such a person can be.

That is because there are three solutions to the NHS crisis. The first is to reduce demand. The best way, by far, to do that is to improve the lives of those making the biggest demands on it. The most certain way to do that is by increasing the incomes of those least well off in our communities and to reduce inequality.

Second, the way to solve the NHS crisis is to spend. Government spending always comes before taxation. It is the spending that creates the extra money to pay the additional taxes in an economy that is not operating at full capacity, as ours is far from doing. To make tax raising the condition of extra NHS spending is absurd: that's to suggest we must give something up to have the NHS we need when that's not true because all the resources needed to staff the NHS are lying idle or under-used in our economy right now. So spend first, tax second is the answer and the resources to pay the tax will then be available.

Third, many of the crises in the NHS could be solved by scrapping its absurd internal markets whose only purposes are to increase costs, waste resources, break up the continuity of patient care and feed the fantasies of ideologues. If there is a saving to be had then this is where it is.

But let's assume these issues were addressed, where then should any additional tax be imposed if it was thought necessary to recover the new spending made on the NHS even though financial markets are desperate to buy the new government bonds that only deficit spending can create?

The last tax to be used would be National Insurance Contributions (NIC). That's firstly because these are only paid by those in work. Let's call them the strivers for want of a better term for those who break sweat in various ways to provide for themselves and their families. Many of these people will, of course, be amongst those for whom

incomes need to be raised if people are to escape poverty in this country.

Why on earth impose a tax that will actually make the problems the NHS faces increase, especially since this tax change would increase inequality? NIC is not charged on anything to do with wealth, whether it be investment income like dividends, interest or rents. It's also not charged on company profits, or capital gains when people make speculative gains. And it goes nowhere near real wealth of the sort inheritance tax should address.

All of those who enjoyed such things would make no extra contribution to the NHS if NIC was increased: indeed the truly wealthy person living off their investment income would continue to use it without paying a penny more, unlike their hard working neighbour. At the most basic level there is no justice in that. At the more complex level when we know tax is a tool of social policy and inequality is a cause of NHS demand this is sheer folly.

Then there's the fact that the elderly pay no NIC, meaning it would be another subsidy from the young to the old when these subsidies are already crushing prospects for so many young people whether through student loan repayments or so much else.

And there is the fact that NIC is regressive: it does not even manage the social justice of a flat tax because in relative overall terms it charges higher rates on middle earners than high earners.

In that case I can only conclude that the Tory MP suggesting using NIC for this purpose wanted to increase division in society, very deliberately and in many ways.

What tax should we use then? I [have suggested more than £20 billion of new taxes on the better off, here](#). And that is before looking at a genuine wealth tax.

That us where need to start if, and I stress the conditionality of that if for all the reasons noted above, start we must. But whatever happens no one should be increasing NIC.