

# Funding the Future

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I do wish Jeremy Corbyn would engage his brain before talking. The [Guardian](#) has reported that:

*Jeremy Corbyn has called for a maximum wage for the highest earners, saying he fears Brexit will see the UK become a “grossly unequal, bargain basement economy”.*

*The Labour leader would not give specific figures, but said radical action was needed to address inequality. “I would like there to be some kind of high earnings cap, quite honestly,” he told BBC Radio 4’s Today programme.*

*When asked at what level the cap should be set, he replied: “I can’t put a figure on it and I don’t want to at the moment. The point I’m trying to make is that we have the worst levels of income disparity of most of the OECD countries*

I too am concerned about income disparities. But this suggestion is absurd.

First, it assumes all high incomes are from wages. They aren't. They are from rents, investments, interest and other sources as well. So capping wages has no real chance of tackling this issue.

Then let's consider another real issue. What if a person runs their own company and makes a million a year of profit that they could pay as a salary? Is Jeremy saying they will not be allowed to pay themselves? Or is he just saying they must take a dividend instead? That would be absurd regulation and a nightmare to enforce.

But such a cap is also unnecessary. There are better ways by far to tackle this issue.

First charge all capital gains at income tax rates. That will make a massive change to the tax system, increase take, reduce inequality and stop a lot of avoidance.

Second, have a 50% income tax rate.

Third, deny companies corporation tax relief for all salaries paid at a rate exceeding ten times UK median wage, significantly increasing their cost of paying such salaries and removing the subsidy we currently give to them.

Fourth, put an employee NIC charge back on higher rate salaries.

And, fifth, have an investment income surcharge of 15 per cent on the unearned income of those with more than £150,000 total taxable income a year.

All of these could work to address this issue.

But a wages cap not only could not work, but also misses the target. That makes it very poor policy indeed.