

What Corbynomics should look like right now

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Labour's inability is hard to comprehend. It's slaughtered in local elections. It is four weeks from a general election. And its big idea? Increase the tax on those earning £80,000 who are already paying what they owe. Very politely, I despair.

I am not arguing against more progressive taxation. I am in favour of it. I am instead arguing three things. One is that hitting those already paying is not the brightest idea, even if they are in the top five per cent of the income stream. The second is that economics is not everything. The third is that where economics is the issue talking something more than tax may be appropriate for once.

Let's be clear, earning £80,000 makes you well off. It's a privilege. It affords things many can't enjoy. So I am having no truck with the argument that those earning that much aren't well off. But, those who do so and who are employed (and quite a lot will be) are already paying their taxes. And they are likely to be the ones paying most of any increase. This makes the move poorly targeted in election terms. The country is not seething about the pay of head teachers, hospital consultants, university professors (yes, that's me) and higher, but still mid-tier, managers. So there is precisely no sympathy gained from targeting them, and some antipathy generated.

The country is instead angry about low corporation tax rates.

And low taxes on returns to wealth.

And tax abuse.

So the offer should be to raise corporation tax.

And to equalise the capital gains tax and income tax rates.

And to make sure that every small company pays its taxes, in full, by ending the abuse of limited liability.

It could be about an additional tax on rents so that they are taxed at the same rate as

work when national insurance is included. And that rate could be applied to all investment income and the so-called dividend tax could then be scrapped.

Those taxes would work. And be fair. And popular.

As would some moves to reduce allowances for higher rate tax payers (pension relief to 30% would be a start) also hit the right justice targets. After all, why should the savings of the well-off be subsidised more than those of everyone else?

These moves look left wing. They target non-earned income. And abusers. They increase equality. They raise revenue. They only alienate Tories. It's really not hard to work this stuff out.

But then there's the issue of whether tax should be centre stage. People aren't voting on tax, after all. They're voting in Brexit. And Labour is saying nothing at all about what Brexit might do for Britain under their leadership.

It's not saying Brexit might make it easier to control the banks.

It's not saying Brexit let's the UK stop some tax abuses such as Luxleaks style arrangements.

It's also not saying Brexit lets us stop unfair competition from tax havens.

And it's not saying Brexit will permit easier enforcement of UK rules on migrant labour to level the playing field in work.

I have no idea why.

But most of all Labour is not making an economic case for a post Brexit era.

So it's not saying that after Brexit Labour could require that 20% of all pension contributions be invested in UK job and wealth creating programmes as a condition of the tax relief that they enjoy. The last time I looked that would raise \$16 billion a year for housing, green and innovation investment in the UK.

Nor is it saying that Labour could use QE to buy out ruinous PFI schemes, but I have no idea why not.

And it's not saying that Labour could, after Brexit, offer a national savings ISA that would invest in the UK, paying 2% per annum tax free to £5,000 of interest a year. Sure that's more than the cost of government borrowing, but after inflation it's a net zero cost to the government and the best savings product on the market. This would see money pour in. And what could it be used for? Start with social housing and the Green New Deal plus a dedicated transport fund. It also provides regional investment funds for each devolved government and region - and people can direct their money to the area

they want. Think that what that could do. Pension saving would also be allowed in this fund. Cash would be liberated for the future investing in what we need now.

This gets the economy going again. And how is a return made? If we can't make 2% on housing, energy, transport and providing equity and loan investment for British business I respectfully suggest we're in deeper trouble than anyone is acknowledging or critics are talking nonsense.

This is what Corbynomics should look like. Getting tax right and selling it as a deal whilst exploiting Brexit to build a whole new future by investing in high quality jobs in this country making things we really need.

And this is precisely what Corbynomics does not look like right now and as the person who invented most of what it was meant to be I have a right to say so.

But I'm not expecting to be listened to. John McDonnell never did that. I hate to say it, but he's just not left wing enough to do the right thing for Labour. He'd rather play with the austerity narrative and talk about who will pay for balancing the books. And that's what makes me despair of Labour's hopes right now.