

Can Labour talk tax?

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There has been some discussion on my blog over the last few days on whether Labour can take the risk to talk about tax reform and MMT, or not, before the next election.

Carol Wilcox, for whom I have much time, thinks not. Others, including me, think they can. A seasoned academic I spoke to yesterday thought the last manifesto a disaster, as I do too. The reason was its commitment to a balanced budget. Radical it was not. Ultra-orthodox with red tinging might be a better description.

So what is the answer, not that Labour will listen to me, and has no reason to do so? Let me work some ideas through.

First, Labour is not doing well right now. Local elections may flatter, as they did the Tories a year ago (please remember) but they reflect who can be bothered to vote more than who will win a general election. In that case I still look at opinion polls, and Labour is nowhere near where it should be given how badly the Tories are running the country and how divided they are. Labour has to take risk to improve that.

It could, of course, tack towards the right, as some want. But given that the centre is now so far to the right that would make no sense. And economically that would simply continue the Brown / Balls / Leslie line of appeasing markets; believing that the central bank rules the roost and putting controlling inflation to support the wealth of the few at the heart of economic strategy at cost to everyone else. I do not think that's wise.

It could also, of course, continue the line of attacking the tax gap which I pretty much created for it from 2008 onwards with work for the TUC and other unions. It has worked; let's not deny it. But as current research I am doing shows, that's mostly because the constraints that politicians have put on themselves (balance the budget, constraint debt to GDP ratios, keep within EU 3% budget targets, etc) have over time meant that tackling the tax gap has been the only game left in town to a government that says it wants to increase spending, even if none of those constraints really exist.

Or it can blow the constraints away. It can say it is government spending that can

create jobs in every constituency, as a Green New Deal would, and nothing else can. And it is government spending that can push up productivity when it looks like the private sector has run out of ideas on this issue. As well as the fact that government spending can build houses, transform our energy and transport systems, and so much more, all of which we could do if only we had the money.

And Labour should be bold. It should say we have the money. It's ours to make. And if more tax is needed that will only be because there is more income to pay it from. And that's a good thing.

At the same time Labour should make clear that those who will pay more tax are those who will make most - but they will still be better off because they always get more than their fair share of any boost to the economy. There is then no punishment planned: just fair recovery of the new wealth that Labour will liberate within an economy that is in the doldrums.

And I think people will buy that idea. In fact, I think that's the sort of thing they are hoping for. A little red tinkering at the edges is not enough to inspire them to think Labour will change their lives. Who owns trains will not, ultimately, do that. Even NHS reform, passionate as I am to make sure the waste of faux markets is removed from it, will not be apparent to most people. That's manifesto material for geeks. What matters are jobs, secure incomes, communities where people live, housing, good schools and secure old ages with an underpinning of comprehensive healthcare. Nothing but breaking the balanced budget constraint can deliver that. Nothing but telling the good news of tax can change that narrative. That, plus people's QE and a national investment bank issuing its own bonds as a mechanism for pension saving, that is.

And Labour has to believe what the right wing really do already believe: which is that the mass of the people will vote for tax increases for other people, like companies who have not been paying their way, and on wealth, which is horribly undertaxed now.

So Labour has to talk tax. And tax reform. And what it can deliver.

And let's be candid: what has it got to lose? It's not winning now. And in that case it has to do something pretty big. If this economic programme is not it then what was all the effort of electing Jeremy Corbyn for? It's a question those supporting and around him have to ask because right now it is not clear that there are good answers. Tax, MMT, investment and economic transformation can deliver the change the country needs. The question is whether he is up to the task? If not' he's failing us. And I would have to say that's a matter of considerable regret.