

Sajid Javidâ€™s single paragraph that proves he ha...

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The FT has reported on Sajid Javid's tax plans, [noting this](#):

"It wouldn't be any surprise that I think taxes should be efficient. We want to set them at a rate where we are trying to maximise revenue, and that doesn't always mean that you have the highest tax rate possible. Generally I want to see lower taxes, but at a level that is going to pay for the public services," he told The Times.

Let's assume the quote is true. Most are. The question then is how much can Javid get wrong about tax in one paragraph?

First, as MMT shows, tax is not about raising revenue. It is about controlling inflation.

Second, taxes do not pay for government services. They are paid for with government created credit that is managed with tax, gilts and government created money, including QE.

Third, the Laffer curve argument that cutting rates will increase revenues, which he very clearly hints it, does not apply to any UK tax because all have rates too low for that to be remotely plausible.

Fourth, taxes are not 'efficient'. Taxes are effective when they deliver the policy goal that they are designed to deliver.

Fifth, no one in history has maximised revenue because that always ignores constraints, so the claim is ridiculous. Anyway, no one knows how to maximise tax revenues because governments do not have complete control of their economies.

Sixth, what's the goal of lower taxes unless it is bigger borrowing or smaller spending? Since he does not say which the claim is meaningless.

I could probably go on but my point is, I think, made.

Just despair that someone capable of so misunderstanding tax is in charge at our

Treasury.