

# Tax can shape society: we should use it to do so

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As the [FT noted](#) yesterday:

*The number of UK house and flat sales plummeted last month after buyers accelerated their purchases in June to beat an expiring stamp duty holiday, official tax data showed.*

To be precise, there were 73,740 residential property sales in July compared to 198,400 in June, and an average of 145,000 in the first six months of the year and an average of about 100,000 a month from 2012 to 2019.

What does this say? Two things, I suggest. One is that Covid has made people want to move. That is obviously a factor in this data.

The other is that tax has a massive influence on market behaviour. The stamp duty holiday that Rishi Sunak introduced last year had the deliberate intention of both boosting house prices, which keeps Tories happy when all else around them is failing, and boosting the economy, which house moves do as people seek to decorate their new homes.

Why does this matter to me? There are two reasons. The first is that, as I argued in my book *The Joy of Tax* (available still from all good booksellers, and some others), tax is the single most powerful instrument available to a government to shape the society that we live in, for better or worse. I would argue in this case that the use of tax has been for the worse: the boost to the real economy from all this activity has been limited if recovery data is anything to go by, but very large numbers of young people are now even more distant from the prospect of buying a house than they were before this hapless exercise in using the tax system to subsidise private wealth took place.

Second though, what this evidences is that behaviour is heavily influenced by tax. This matters, and proves my theory in *The Joy of Tax*. Use this power for the right reasons, as [I argue could be done to redirect savings in ISAs and pensions to fund the Green New Deal](#), and soon something very powerful for society could happen as a result.

I will continue to live in hope that parties on the left will realise that this is possible, just

as parties on the right do now, but in their case to increase the divisions within society.