

Beating the curse of hunger in the UK

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My son and I were playing with podcast ideas this afternoon using a video file I made after being on LBC to discuss inflation and its links to hunger earlier today.

The recording quality on this is not as good as I would like, but the file is good enough to share because the issue is so significant.

https://soundcloud.com/user-371490417/beating-the-curse-of-hunger-in-the-uk?si=3880b9c9ba2042c89d56183db1d1d4a8&utm_source=clipboard&utm_medium=text&utm_campaign=social_sharing

The approximate transcript is:

Hello, this is Richard Murphy speaking, and today I want to talk about a very simple and straightforward fact, which is that we do as a country need to spend more to solve the food crisis that we face. It is indisputable that high rates of inflation, low rates of pay, growth, poverty with regard to benefit payments, low pension and the difficulty that so many people face in finding sufficient work to combine with their childcare responsibilities has created a crisis for millions of people in this country with regard to meeting their basic need to feed themselves and their families, and that is, in my opinion, not only utterly appalling and unnecessary, but just plain, straightforwardly wrong.

If there is such a thing as sin, which I would define as missing the mark of what is expected of you, then this government has sinned by letting the people of this country go into food poverty.

Now the question is what can we do about it? We can't stop the war in Ukraine. We can't overnight rejoin the European Union, although that would help.

We can't eliminate all the causes of inflation immediately because we know that they are real in the sense that other countries are suffering them as well.

But we can spend more money relieving poverty.

We could also increase the redistribution of wealth from those who have it to those who don't, so that the basic needs of millions are fulfilled and that no child need to go to school hungry.

That is what we could do, and the options available to achieve that are simple and straightforward and are things like increasing the top rate of income tax to 50%, which is still low by international and historic standards. At the moment, it only goes to 45%.

Second, we could align capital gains tax rates and income tax rates. Income tax is paid on employment, and other income from work and investments. Capital gains are the profits that arise when you sell investments. They all result in pounds in someone's pocket, and the fact is that capital gains can be manipulated to massively distort the amount of income that is declared for income tax purposes and reallocated to capital gains for tax purposes because for most capital gains, the maximum rate payable is 20%, which is hideously low. When we see the example of the Prime Minister's own tax return, where his overall tax rate was only 22% in the last year for which it was declared, then we could do and should tackle this.

We could also charge national insurance right through the earnings brackets of all people who work. That would require some changes to income tax rates between say, £50,000 and £100,000 but we could charge national insurance at full rate on everyone however much they earn, whereas it present at around £50,000 the rate falls from 12% to 2%. That's wrong. It should carry on at all income at the same level.

Fourth, we could charge what is in effect national insurance, on investment income and on capital gains. We would call it an investment income surcharge. That is something that was done in the UK until the mid 1980s. It worked, it delivered, and it would mean that those who live on unearned income paid the same overall rate of tax as those who work for a living do. What is unfair about that?

Finally, we need to stop people hiding their income in companies by diverting it when they have spare money and spare resources. They pay corporation tax as a result at a maximum rate of 25% when they would, under my proposals, be paying maybe 50% income tax, and according to the government, at least 45%. This abuse could be stopped by introducing something called a close company apportionment rule, which sounds incredibly complicated, but simply means that a company that has investment income which does not need it for investment in productive economic activity has to pay it out by way of dividend, and it would therefore be taxed in an individual's hands.

We could therefore force billion - and I think we're talking here about £30 to £40 billion pounds a year - into the government's hands to reallocate money to those who need it.

We would reduce inequality.

We would feed children.

They would go to school without being hungry.

Their parents wouldn't have the stress of worrying all the time about how they keep their children fed, warm, and clothed, as well as about their wellbeing.

That is what we need to do.

That is how we need to address it.

This hideous crime against humanity in this country has to end and tax is the way to do it.