

Labour will not be taxing wealth

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As the [FT reports](#) this morning:

Labour has abandoned plans to bring back the pensions lifetime allowance in an £800mn U-turn that will be welcomed by wealthier savers including hospital consultants and headteachers.

Rachel Reeves, shadow chancellor, has dropped the proposal from Labour's election manifesto, to be published on Thursday, because it would add uncertainty for savers and be complex to reintroduce, her allies told the Financial Times.

The Tories introduced the lifetime pension cap. Based on the value of a fund, and not just contributions, it has caused major difficulties for hospital consultants in particular. There was an obvious problem needing a solution.

The Tory solution was to abandon the cap.

That solved nothing but perpetuated a massive bias towards wealth in the pension system.

Now, Labour says it will maintain that bias.

It could have instead said it would abandon the cap and cut the rate of relief on contributions. That would have worked. But no, there is nothing like that. There's just another £800 million bung to the wealthy.

Ending the two-child benefit cap to take 1 million children out of poverty would cost £2,000 million (£2 billion). Apparently, that's not possible. If you can work out the logic of that and come to any answer that includes the terms 'economic sense' and 'empathy', I will be amazed.