

Britain: Protests mount over tax rises

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In recent weeks, the Labour government of Prime Minister Tony Blair has faced growing criticism over its tax policy, amid warnings that Chancellor Gordon Brown will need to increase tax revenues in order to stave off a financial crisis.

Standard levels of income tax are set to increase following an announcement by Brown in December that the government would have to borrow £10 billion more than predicted in his April budget. This would bring total government borrowing for the year 2004 to £37 billion in order to fund public spending. Brown warned that wage increases would not be expected to exceed 2 percent.

The Institute for Fiscal Studies (IFS) said that Brown's pre-budget was "over-optimistic.... We still suspect that further tax increases will eventually be necessary if the chancellor wishes to stick with his current spending plans."

Many local authorities are set to increase their levels of council tax, which funds local authority services and is levied on all adults except those who live on state benefit, by between 4 and 5 percent. The tax is regressive, as it is not based on ability to pay but on what bracket a person's house is "banded" in value. It was introduced by the last Conservative Party government after a mass movement developed in opposition to the even more regressive Poll Tax. The tax payable has been increased year on year to levels that for many working people are an intolerable burden.

In January, more than 2,000 protesters, including many pensioners, marched on Downing Street to present the government with a 35,000-strong petition calling for an end to the council tax. A number of people have refused to accept any further increases and have insisted they are prepared to go to prison rather than pay.

Many workers face poverty upon retirement. Statistics released from a survey by the Prudential

insurance company revealed that retirement leads to an average £4,164 drop in income. More than 50 percent of the UK's pensioners are forced to find other ways to increase their income, according to the report. For one in 50 pensioners this resulted in a desperate turn to crime. The survey found that 2.8 million pensioners have returned to work because they simply cannot afford retirement, while a further 2 million pensioners are in financial difficulty.

The government has responded to criticisms of its fiscal policy by insisting that the one alternative that cannot be considered is for taxes to be increased on the wealthy and super rich. Last month, during the debate in parliament on "top up fees" on students in higher education, Blair insisted that he would not and could not tax the rich.

In a response to a proposal from the opposition Liberal Democrats for the introduction of a top rate of income tax of 50 percent for those earning over £100,000 a year, Blair claimed that it was a "myth" that taxing the rich and wealthy produced more tax revenue.

In an interview with the *Guardian* newspaper on January 20, Blair said, "If you take the amount of money that—on paper—you would raise from top-rate taxpayers, the myth is that this is the amount you would raise."

But, he argued, "Every single piece of analysis that has ever been done indicates that what would actually happen is that large numbers of those taxpayers—probably the wealthiest—would simply hire a whole lot of new accountants to do this and that. And actually your tax take would be a lot less."

Blair's comments are revealing in the extreme. It is not just that the government is a stalwart defender of big business and privilege and has no intention of taxing the better off—though this is certainly the case. Blair is telling the truth.

There is no shortage of money in Britain. Indeed, the

nation's national wealth is increasing dramatically. Yet, still, policies dedicated to the destruction of the welfare state and the impoverishment of the mass of the population through tax hikes and wage cuts are implemented by the government in the interests of a financial elite that refuses to countenance any drain on its personal income and wealth. Despite claims by Brown to have closed several tax loopholes for the rich, an estimated 60,000 "non-domicile" wealthy businessmen and speculators are able to reside in the UK and pay no tax on income or gains from the rest of the world.



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