

# Class warfare returns to the heart of Labour



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**R**etrograde. That's the word that leaps to mind. A major bank is nationalised — "taken into a period of temporary public ownership" is the Government's euphemism *du jour* — and will continue in operation, competing with private-sector banks that cannot promise their depositors a government guarantee.

The Government decides to change the tax regime that has favoured wealthy foreigners working in Britain. It is uncertain how many of those fleeing to more congenial tax climes will avail themselves of the farewell bash that Left-leaning journalist Polly Toynbee has offered to put on. Her colleague Will Hutton seems to have captured the prevailing sentiment: "If the cost of that [tax] is that some leave, so be it."

The Solicitors Regulation Authority decides to impose what *The Times* describes as "tough new curbs" on foreign lawyers who come here to enhance the international competitiveness of British law firms and, it must be said, add to the already high incomes of Britain's successful practitioners. These restrictions, say the law firms, "will undermine London's position in the global legal market".

wealthy standard is no accident, no temporary phenomenon. It is a necessary part of the Government's policies. Gordon Brown used the flow of prosperity-induced tax revenues to spend, spend, spend. This required him to tax, tax, tax. But not enough to staunch the flow of red ink. So, with the economy slowing, the hard-pressed Chancellor is in no position even to think about a fiscal stimulus of the sort President Bush and the

are making it almost immoral for the Government to pursue its plan to cut defence spending further while continuing to support millions too stressed to seek work.

The only solution is to raise taxes without inflaming the passions of already over-taxed citizens. What better target than the "rich", and people who can't vote — foreigners resident in Britain, but, like this writer, planning to return home at some point. I have no view of the fairness of removing the special privilege that allows so-called non-doms to pay tax only on their British, rather than their worldwide, incomes. But I do understand the political gain from treating high- and not-so-high-income foreigners as a handy source of new revenue. After all,

*Brown sees an opportunity to ride the wave of public anger with the rich*

when George Osborne proposed a tax on these foreigners, the polls showed it to be a vote-winner, and Brown decided that imitation is the highest form of policy-making. Besides, taxing the rich is not exactly unappealing to Labour's backbenchers: it well recalls the triumphs past. Or to the Prime Minister, who long ago made clear that he believes that Labour is best when it is Labour, to quote from his 2005 conference speech —

none of that Blairite hob-nobbing with the rich for Brown. The Prime Minister sees an opportunity to ride the wave of public anger with the rich, and perceives wide political support for the levelling-down that is the only road to greater equality, now that all of Labour's efforts at levelling-up have failed.

The rich have brought some of this on themselves. Top executives bring their companies almost to ruin and fly off in private jets with multi-million-pound golden goodbyes; boards of directors fail to relate executives' compensation to any reasonable measure of their contribution to shareholder value; ostentatious consumption by resident Russian oligarchs and others inflames British workers struggling to meet rising living costs and tax burdens. The tumbrels are no longer available to take the privileged to meet the executioner, but the taxman is there to give hard-working Brits a reason to cheer as the Government raises capital gains taxes, and levies taxes on larger cars, overseas earnings, and the privilege of working in Britain.

In the end, it isn't only, or even most importantly, the money involved in the new tax regimes that British entrepreneurs and foreigners have to consider: it's the re-emergence of class warfare. A government that aims to take a bigger and retroactive bite out of risk-taking entrepreneurs' winnings is saying a lot more than that it wants to inject a bit of fairness into the tax system. And the message is getting through: "Foreign folk do not feel quite as welcome in London as they did," reports the *Economist*. Nor do home-grown entrepreneurs. Blair and his aspirational fan club are gone, it's time for Labour once again to be Labour.

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