



A Wealth of Delusions

THE BRITISH RULING CLASS and their spokesmen in the high-end newspapers have clearly taken leave of their senses. In their post-budget attacks upon the government of Gordon Brown they have been seized by hysteria bordering on delirium. For example, John Witherow, editor of *The Sunday Times*, believes that the new top rate tax of 50p in the pound for those earning over £150,000 a year is an unmitigated disaster. “Many of the rich”, he says, “reluctantly accept they should pay more tax, but only if they feel the state is using that money prudently and living within its means. That bond has been broken, with the private sector taking almost all of the pain of the recession.” John says this despite knowing that the banks and building societies, upon which the government has lavished billions, banks that are now in the public sector, were in the private sector six months ago.

The leader writers and most commentators seem to have forgotten that the reason that the public debt has become almost insupportable is because the government has been forced to nationalise the banks; it has had to buy bad debts by the bushel and raise billions more by borrowing on the money markets. Yet the demented outrage of the rich has become palpable. Tim Waterstone, he of the bookstores, called the 50p tax rate for the rich a “spiteful political move” and “a disincentive to entrepreneurs”. Andrew Lloyd Webber

says that the new tax rate reminds him of the ruthless attacks of Somali pirates. Sir Michael Caine, with a modest fortune of around £45m has threatened to leave for America because “We’ve got three and a half million layabouts laying about on benefits and I’m 76 getting up at six o’clock in the morning going to work to keep them.”

Caine’s view seems to be common not just among the filthy rich, but throughout the upper middle classes. Everybody would be prepared to pay more taxes, if only profligate governments didn’t waste it on bureaucracy, consultancies, and the idle poor. In the imaginary world in which these people live it is the benefit cheats, the scroungers, and the feckless that are at the root of our problems. Of course, they wish that bankers and investment brokers had been better behaved, but when push comes to shove, it’s the poor what is the problem. It’s the poor what gets the gravy and the rich what gets the blame.

In this wacky inverted world people born into wealthy families, successful artists, sportsmen and actors, corporate bosses, investment brokers, and steady even-handed professionals, are assimilated into a class of persons known collectively as “entrepreneurs”. These entrepreneurs are not only inventive and imaginative, they take risks; usually, it must be said, with other people’s money. Nevertheless, these “entrepreneurs” have delicate sensibilities and must not be discouraged by high taxes, otherwise, like Sir Michael, they might leave us all in the lurch by taking their millions to America or the Channel Islands or anywhere sensible enough not to waste their money on the lazy and the feckless.

There is no doubt that the Labour government has spent vast amounts of borrowed money rebuilding schools and hospitals, shortening NHS waiting lists, overhauling railway tracks, stations and signalling, expanding universities, and shelling out on other major infrastructure projects. No doubt, in the midst of all this spending there has been some mismanagement and considerable waste, but this spending and misman-

agement is not the reason that the country is on the verge of bankruptcy. The principal cause of this catastrophic situation has been the necessity of taking the banks into public ownership. It is the rapid and piecemeal nationalisation of banks and building societies that have led to public debts that will over the next few years approach eighty per cent of national income.

Of course, if the Labour Government hadn't wasted all that money on infrastructure, health and education, it would have been in a much better position to nationalise the banks when the time came, but that, as they say, is history. The capitalists have spent the last fifteen years or so blithely violating market forces by ensuring that markets became more and more opaque, by pricing stock with the use of computer models, inventing increasingly bizarre ways of buying and selling debts, and resisting proper regulation and oversight. Now that the wheels have come off it is time to blame public spending, high taxes, and the poor for the mess, which they have got us into.

This seems to be the only rational explanation for the idea that the rich are having a rough time supporting the rest of us. The press over the last week is thick with the fortunes which the rich have lost in the recession: Sir Elton John and Sir Paul McCartney have lost sixty million apiece, Simon Fuller has lost £150m, and so it goes on . . . One millionaire after another has apparently lost money hand over fist. Now, Alistair Darling, the Labour Chancellor has decided to strike with his 50p tax, creating a real disincentive to succeed. It's true that by and large the rich have not had to cut back much yet, but it might happen. They might have to sell one of their homes or a painting or two, or even cancel some of the fresh flowers and champagne. However, the real danger is that they might be discouraged by the fiscal policies of our spiteful and profligate government; the entrepreneurs might become demoralised by having to pay extra taxes for the upkeep of the lazy good-for-nothings at the bottom of the heap.

This is the barmy world that the rich, and most of the upper middle class inhabit. The truth is that this fiscal crisis has been brought about by excessive borrowing necessitated by the mismanagement of the banking and financial sectors by the filthy rich. Public spending will rise over the next few years to astronomical levels because of the accumulating interest payments due on the debts incurred by the government while rescuing the capitalist class from itself. Consequently, spending on education, health and welfare will be halved as one programme and benefit after another disappears in order to pay the interest on government loans to the very people and institutions that created the crisis.

It will be people who rely upon public services, the mass of working class and lower middle class people, those who can't afford private healthcare and private education, who will suffer; it will be those dependent upon pensions, luncheon clubs, Sure Start programmes, and special council childcare and welfare services that will suffer most. Despite the wild imaginings of the rich and their pals in the upper middle class, most of the poor have jobs working for twelve, thirteen, fourteen, fifteen thousand a year – around £6.25p an hour, maybe a bit less or a bit more. These are the people who will pay for the crisis with increased National Insurance payments, with higher taxes and big cuts in educational and social services.

By contrast, the rich will be discomforted only when they review their investment portfolios or talk to their accountants and tax advisers. By and large, it will be their peace of mind, and not their personal consumption that will suffer. Unfortunately, it appears to be concern for the peace of mind of the rich that is guiding the public debate at the moment. It is to be hoped that once the budget dust settles the newspapers and commentators might spend some time and column inches considering how best the low paid and the poor might be protected from the priorities, anxieties, and delusions of the rich.