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Policy Commission Launch

'Wealth: are we all in it together?'

Conservative Party Conference Fringe Event
Tuesday 9 October 2012

The Policy Commission on the Distribution of Wealth was launched at the Conservative Party Conference. Panel members debated what the most effective and ethical levels of taxation should be for Britain.

Panel Members:
David Urquhart - Bishop of Birmingham and Chair of the Birmingham Policy Commission (Chair)
Mark Florman - Director, Centre for Social Justice
Robert Hutton - UK Political Correspondent, Bloomberg
Fraser Nelson - Editor, The Spectator
Professor Karen Rowlingson - University of Birmingham
Matthew Sinclair - Chief Executive, Taxpayers' Alliance

Chair of the panel debate, Bishop David Urquhart began the event by quoting a recent article in The Spectator, which stated that the top one per cent of earners paid 24 per cent of the total income of tax collected. This idea formed the basis of the discussion, as panellists debated the most effective and ethical levels of taxation for both the richest and poorest in British society.

Matthew Sinclair, chief executive, Tax Payers' Alliance described wealth as "accumulated surplus" and criticised analysis of wealth distribution for distorting the real picture by being too "simplistic", stating for example that corporation tax did not feature in most studies. He expressed his hope that the Policy Commission on the Distribution of Wealth (PCODW) would undertake this task in a more thorough and intensive manner, warning that it should not add to the number "self-indulgent" studies which had previously been undertaken.

Mark Florman, director, Centre for Social Justice and chief executive, British Private Equity and Venture Capital Association explained that the purpose of the Centre for Social Justice was to "argue for the bottom five to eight million people in this country." He argued that giving the poor the correct infrastructure to create wealth was a better solution to poverty than wealth redistribution, stressing the need for a "springboard society" in Britain where poorer people would be given the opportunity to create wealth.

Professor Rolwingson agreed with Florman's call to support entrepreneurship, highlighting that30 per cent of people in the UK had no assets whatsoever. She asked how those at the bottom of the economic scale could be helped to save for the future, considering that policies such as the child trust fund had been scrapped by the coalition.

Roger Hutton, UK political correspondent, Bloomberg described the "sense of entitlement" of the middle classes as not a social but a "political problem," which had led the government to promise to penalise those at the top of the income scale in order to win votes. He criticised politicians for using the term "bankers" to refer to both financial workers who earned a relatively modest income and multi-millionaires.

Fraser Nelson, editor, The Spectator criticised the last Labour government for their taxation policies, saying that although they were well-intentioned had "made poverty permanent". He spoke of two main factors that "keep the poor down". Firstly, there were vast discrepancies in education quality between schools and the second factor was the balance between benefit entitlement and wages, which meant that often there was no financial incentive for working additional hours; something which Sinclair later agreed with.

Sinclair spoke about capital flight, making the point that the top one per cent of wealth was created through global economic activity.

The chair asked the panel whether policy reformation initiatives should be focussed on addressing the global capital market, or upon increasing accessibility for those at the bottom of the income scale. Hutton responded that focussing on the top one per cent would be "a mistake" as their experience did not reflect that of the majority of people in the UK, and the rest of the panel were in agreement.

Professor Andy Mullineux pointed out that global trade imbalances were a cause of the US subprime crisis and that the imbalances remain or are worse. He added that not all countries could achieve a trade surplus and a growth rate of three per cent per annum would be a challenge. This was something Florman agreed with, although he stated that a rate of 2.1 per cent would be something to work towards.

Mullineux asked if whether the method of amassing wealth mattered, suggesting inheritance was not fair. Panelist responded that as long as it was wisely invested (and wealthy people are best at that) then it was all for the common good.

A representative from Oxfam questioned the impact of wealth on decision-making, and described his concerns that the lobbying power of the City of London could drive policy in a way that was unsuitable for normal people. Nelson agreed that the reference points of many politicians were narrow.

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We are grateful to **DODS Monitoring (http://www.dodsmonitoring.com/home/index.php)** for this summary of the debate

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