

# The rich and their responsibilities.

To Labour anyone earning more than £70,000 a year is rich. Many people on such an income do not see themselves as rich. It seems as if having savings and assets is also a crime to some in Labour. Yet many people save hard for their retirement pension, and struggle to repay the mortgage on their homes. They do not see themselves as rich either. They also like it if something remains to pass on to their children. Today we are witness to a big debate about who is rich, and what contribution should they be expected to make to the wider society. In the recent UK election Mr Corbyn claimed that the rich as he defined them should pay more tax to help those on lower pay and pensions.

There is no agreed definition of who is rich. People's idea of what rich looks like is heavily influenced by how much wealth and income they have. If you have nothing someone on £40,000 a year is well off. If you own no assets someone with a £200,000 house is well heeled. Someone living in a £200,000 house with a large mortgage, family commitments and an income of £40,000 may not have anything over at the end of the month and may feel a bit squeezed. They do not think they are rich.

A better description of rich is probably one based on lifestyle than on any particular figure for assets or income. Let's consider two widows, as I have done before on this site. One lives on her own on a State Pension and top up benefits in her one bedroom flat in prime London. It is worth £1.2m but she has no other assets and finds it difficult to afford the living costs. All the time she lives there she is hard up. Another lives in a £200,000 larger property 200 miles from London and has £1 million in financial assets to augment her State Pension. She can afford a decent lifestyle. Are either of these millionaires rich? Or does a rich person need to be someone with a £1 million plus home of their own, and several millions in investments so they do not need to work but can live on their investment income? Or is true rich a senior Director or executive of a large corporation, or a footballer, with a telephone number salary and plenty of assets from past earnings? How much more of these people's earnings should the state take?

In the end these are political judgements which have to be translated into tax law. All parties in UK government believe in income redistribution, taxing the better off more highly to provide support for others. Governments also impose some taxes on capital, usually when assets are bought and sold. These questions are also attitudes of mind which affect how people live together in society. If you try to tax at too high a rate rich people leave

the country or find legal ways to arrange their affairs that thwarts the aim of the tax rise.

Many people with savings have thought it a good idea to buy an extra property or two and let it out. They like the rental income, and have usually benefited from rising capital values as well. It does mean the rich individual has a special relationship with his or her tenants. The wealth is on show, and there can be difficult relationships if the landlord is thought to be too hard or unreasonable. Modern tenancy law has tried to move the balance a bit in favour of the tenant. In a world where the leader of the Opposition says the homes of the rich if they are not being properly used should be requisitioned for those in need, the landlord has to be sensitive to the mood. The individual who has bought a holiday home or spare property which they do not live in may be unpopular in the community where the property usually stands empty.

In this climate of opinion those with higher incomes and assets have to be well on the right side of tax law. Tax evasion is a crime and some see clever tax avoidance as equally unacceptable even though it is legal. Portfolio investments in bonds and limited liability companies have advantages over direct ownership of property or companies for the better off, as the investor is shielded from much of the responsibility of ownership by the professional managers employed. If a multinational treats its employees badly or causes deaths by lax safety management it will be the well paid Directors and executives, not the shareholders, in the dock. If you are the landlord and the tenant is put at risk, or if you own the company and the employee is badly treated, you will be in the dock.

Limited liability companies were a great breakthrough for everyone because they allowed people to put up money without putting the rest of their wealth at risk. It also now means the investor lays off the risk for misconduct on those who run the company for them, which in the current climate is also important in keeping people investing. It should not be an excuse however for no-one being to blame.

Who do you think is rich, and what more should we expect of them?

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**Why won't so many in the media ask**

## questions of the EU?

For a year many in the media have recycled old tired materials from the referendum. They have invented something called soft and hard Brexit and have gone on and on trying to find weaknesses in the UK government position, and trying to shift the negotiating aims. They have failed to show impartiality by doing the same to the EU. Why aren't they ringing round their contacts in other member states governments and business and finding out their differences on what the EU wants? Why don't they analyse all the different claims and protests the EU Commission has made, and set them against the views of individual countries? You could make a programme about all the varied claims for large sums of money which seem to have no legal basis whatsoever.

So far what has been fascinating about the rest of the EU debate is how unlike the UK media and Commission briefings it has been. I have not heard the Irish government say they think high tariffs on Irish agricultural products into the UK is a price worth paying to teach us a lesson. The Dutch government do not say they want their farmers to pay tariffs or stop supplying us with all that market garden produce and all those flowers. The German government has been noisier about how the UK must not gain from leaving, but has fallen short of saying a 10% tariff on cars is a good idea. Why don't the media do more interviews to establish what are the economic and business interests of the rest of the EU? And why don't they say the UK offer meets their needs far better than the Commission's general idea of punishment for the UK which would mean more punishment for the rest of the EU given the balance of trade. In a world where the UK was forced by the EU to accept high tariffs on agricultural trade, the UK would gain the option of buying cheaper product elsewhere by cutting tariffs or growing more at home where we are able to, which the EU under their own rules would not be able to do.

The UK right from the beginning said we wanted to reassure all EU citizens living in the UK they are welcome to stay. In turn we would need the same reassurance for UK citizens living in the rest of the EU. Why didn't the media put more pressure on the EU to agree to just this decent and sensible approach? Why did the EU want to delay, and want to propose changes to a sensible arrangement? I have never thought the EU would end up forcing UK pensioners out of their homes on the Costa Brava, so why not say so immediately? I am glad that the EU now agrees this issue should be one of the first to be tackled. I hope they will not continue to make pawns of people living abroad, and look forward to the media directing their questions to the EU over this.

The UK also made clear in its Article 50 letter of withdrawal that it accepted the EU view that you cannot stay in the single market and Customs Union when you leave the EU. This letter and supporting policy was backed overwhelmingly by the Commons when it was debated and voted. It was also placed in the Manifestos of the Conservatives and Labour who went on to get 82% of the vote in the election. Maybe the media should recognise this.

In summary the people decided to leave the EU. The last Parliament voted overwhelmingly to leave the EU and sent the letter which means we are leaving the EU. The aims for the future relationship are straightforward and cross party. We seek continuing tariff free trade on a similar basis to today, and many collaborations, joint investments, student exchanges, tourism and the rest as close neighbours should. This is not the UK begging favours. It is commonsense, in their interests as much as ours. What's stopping them sorting out the detail to back this up?

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## [Money for local schools](#)

Last week I reminded the Secretary of State for Education of the need for more cash for Wokingham and West Berkshire schools, and argued again the case for more money overall for English education, and for a fairer split of the funding. This was an informal exchange, so I am also pressing for a further meeting to repeat my message from before the election going into more detail again of the needs of our local schools.

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## [Let's try negotiating with the EU rather than ourselves!](#)

At last today the UK will start negotiating with the rest of the EU. Some in politics and the media have been making our country look stupid by persisting in having a negotiation amongst ourselves over how weak a negotiating stance we should adopt in Brussels. Some do this because they do want to wreck our negotiation proper. Others do so because they do not understand how a serious

negotiation is best handled, and doubt the underlying strength and fairness of the UK position.

We have heard siren voices tell us we need to pay large and maybe continuing sums of money into the EU. Of course not. There is no legal requirement to do so. The rest of the world trades happily with the EU without paying budget contributions or one off payments.

Some say we have to stay in the single market and or Customs Union. Of course not. Most countries that trade with the EU are in neither. We do need to leave both bodies, as the Manifesto of both Labour and Conservative made clear in the recent election, in order to negotiate better trade deals with the rest of the world. The rest of the EU stated categorically we cannot stay in the single market without accepting the laws, freedom of movement and budget contributions that go with it. In other words to be in the single market we would need to be in the EU.

Some say the UK cannot expect to get a free trade deal with the rest of the EU when we walk out. Why not? We have a comprehensive free trade deal with them at the moment, and the UK is happy to offer continued easy access to our market. The rest of the EU sells us so much more than we sell them. Why would they want to lose some of that?

Some say you cannot negotiate a free trade deal in 20 months. That is probably true, but we don't need to negotiate one. We merely need to renew one that exists already.

Of course it is possible the rest of the EU will want to harm their trade with us. In that case the negotiations will take the form of the EU proposing barriers to their trade with us and ours with them, whilst we urge them not to. We will also of course be pointing out they cannot do so against WTO rules, which will greatly limit their scope to do damage. It will mainly come down to them imposing large tariffs on agriculture where WTO does allow such practises, and us retaliating. The UK can once out also remove tariffs on agricultural products from the rest of the world that we cannot produce for ourselves.

Tomorrow I will talk about a new range of stories the media could pursue on this topic, to get us away from the boring and repetitious "Lets water down and undermine the UK position" pieces that they all have been running for a year.