



The Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
By Email

26th July 2024

Dear Chancellor,

Ahead of your statement to the Commons regarding the public finances, we are writing to urge you to deliver changes to our tax system which would bring in the revenue needed to restore public services and support households with the transition to a green economy.

We have been disappointed and frustrated in recent months to see the Labour leadership adopt the myth that ‘there is no money’. As you know, the government spends money into existence, and must do so before it can receive any tax. There is nothing inherently bad about higher public spending - provided that money is spent wisely, and provided the government recoups enough of its spending in tax to control inflation.

Under existing spending plans, unprotected areas including justice and housing would see [real-terms budget cuts of around 16 per cent](#) by 2027-28. As your government has acknowledged, our public services are at breaking point. It is clear things cannot carry on as they are.

Properly funding our NHS, schools and local authorities, and supporting households to adopt low-carbon technologies and make their homes more energy efficient, would increase tax revenues by creating secure jobs. It would also boost the nation’s health and wellbeing - which is good for all of us and good for the economy. During the election campaign, however, the Labour Party suggested [you would not substantially increase public spending](#).

There are several measures your government could take to increase tax revenues, to match the increased spending we need to restore our essential public services:

Aligning rates of capital gains tax with income tax would help to end the current unjust situation where income from work is taxed more than income from wealth and assets. [This policy is supported by 65 per cent of people in the UK](#), and would [almost exclusively affect the wealthy](#).

Removing the upper earnings limit on National Insurance. This would affect those earning more than £50,000 a year, bringing their National Insurance rate into line with the rate paid by people on lower incomes.

Introducing an annual wealth tax of 1 per cent on assets over £10 million, and 2 per cent over £1 billion. This would affect less than 1 per cent of households, and would help to redress the growth in extreme wealth seen since the pandemic.



Carla Denyer MP
Member of Parliament for Bristol Central
House of Commons, London SW1A 0AA

Our analysis suggests that taken together, these three measures [could raise around £50 billion a year](#) by the end of the Parliament.

We call on you to take the bold decisions necessary to support our public services while ensuring people on low incomes are not asked to pay more. We also ask you to be honest with the public about how government finances really work. The false narrative of ‘there’s no money’ leads back to austerity and cannot help your government deliver the change it has promised.

Yours sincerely,

Carla Denyer MP, Bristol Central

Adrian Ramsay MP, Waveney Valley

Ellie Chowns MP, North Herefordshire

Siân Berry MP, Brighton Pavilion