

Speech prepared for Special Federal Party Conference 16 May 2010 by Cllr Tony Vickers, Chair ALTER

Conference,

One of the most hopeful aspects of the election was the number of young people registering to vote after Nick's first appearance in the TV Leaders Debates. I like to think that most of them went on vote for us.

I've met many who did – and I know that it was our tax policy (raising tax thresholds, paid for by closing loopholes in and levelling the rate of Capital Gains Tax, and yes Mansion Tax!) which largely did it.

Another hopeful sign, in our manifesto, was the toning down (if not dropping) of our commitment to Local Income Tax. It is now merely something which councils can offer to trial. Our commitment is to a local government finance system based on ability to pay – not the same thing.

James Graham¹ said earlier this afternoon: "I hope Liberal Democrat Ministers will use resources in their offices to build the case for wealth taxes."

Well the group I chair in the Party, ALTER, wants to help this happen. And among those Lib Dem ministers – three of them in relevant Cabinet posts – are four of ALTER's leading members: Chris Huhne (our President), Nick Clegg, Vince Cable and Ed Davey – ALTER Vice Presidents.

Chris, Vince, Ed, Nick: you **know** the history of the Tory Party is the history of defence of privilege and unearned inherited wealth. Among the greatest achievement of Liberals has been the gradual break-up of centres of privilege and inherited wealth.

ALTER carried the flag for this tradition over the past 10 years, helping to bring about a shift of emphasis in our Party's tax policy, back to where it should be – taxing **less** those who contribute actively to wealth creation through work, taxing **more** those who live off the wealth created by the rest of us.

Lords – and landlords – in this century have morphed into banks and other dodgy elements of the 'bubble economy' that has now started to collapse – threatening to bring us all down with it. With active support from Tories (of course) and the passive support of Gordon Brown in particular (and New Labour) we have reached the absurd situation where the only people who can afford to buy a house are those who do not need one – or those with access to "the bank of mum and dad"!

That, to me, is unacceptable. Moreover it is unsustainable. The only **real** wealth in this world is the Natural World itself (including ourselves) and the products of labour and "stored labour" or Capital. Money is not wealth, does not make real wealth and can be anathema to real wealth creation if the basic premises of classical economics are not followed by governments.

The core of economic liberalism should be the fight for economic justice. Economies exist to serve society, not the other way round. There is no justice

¹ JG is a leading figure in the Social Liberal Forum and a member of ALTER, who proposed an amendment to the Conference Motion – amendment 3, on wealth inequality.

in a system that takes from the many a large portion of what they earn (in taxes) while taking almost nothing from those whose wealth is unearned.

In 1998 I served on the Party's Local Government Finance Policy sub-group. We proposed then that Local Income Tax should be dropped. Federal Policy Committee over-ruled us.

In the Tax Commission in 2006/7 again, serious discussion of LIT versus fairer property taxes was stifled, with Vince & Chris somehow unable to attend the meeting where this discussion was to have happened.

Conference, it makes no sense to retain LIT now that we have reaffirmed support for land value taxation – **as we have**.

I note that the Coalition Agreement (last words of section 6) includes “a full review of local government finance”. ALTER welcomes that. FPC – please lets have our own Lib Dem review of the policy first. With no sacred cows!

And lets have some work commissioned by the Department of Business (Vince, Ed) and of Climate Change (Chris) to see how the Green Tax Switch we embraced in 2006/7 can be made to go further – saving jobs and public service cuts.

If Tories are (as they so often claim) **the** Party of Business (and not just of The City) they will support us. Yes there **are privately** supporters of LVT among modern Conservatives – and one is in the Cabinet!

So Conference, support amendment 3 [it was on closing the inequality gaps in income **and wealth**] and support the Motion.