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## THE CONVERSATION

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# Manifesto Check: the bizarre economic creed of the Greens

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Green abundance. Lynne Cameron/PA

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There is an admirable internal consistency to the **Green Party Manifesto**. By way of contrast, consider the Labour Party, which claims its policies will achieve high rates of economic growth yet blithely ignores the way its proposed regime of higher taxes will disincentivise economic activity.

My prediction that Gordon Brown's 50p tax rate would shrink the tax base and raise little additional revenue has proven true. The Green Party proposals to raise the top income tax rate from 45p to 60p, impose an annual 2% tax on wealth, abolish the National Insurance upper threshold, increase the corporation tax from 20p to 30p, impose a 35-hour work week, a £10 minimum wage, and ultimately a guaranteed basic income, would shrink the economy still further. To the Greens, that would be all to the good. As page 11 of the manifesto suggests, economic activity despoils the earth and must ultimately be curtailed if the planet is to be saved. Humanity too is in need of salvation, particularly from its own greed (in all manifestations: a tax on unhealthy food is meant to raise £6.7 billion) and selfishness.

The Greens' economic manifesto is not so much a policy document about governing some islands off the west coast of Europe as a religious text outlining a global crusade for the human race's redemption.

This point is not trivial. There is a deep philosophical question at the heart of this document: what portion of time, effort, income or wealth should individuals be permitted to reserve for themselves or their families? The Greens' rather bold answer is not much more than half, with 45% of all national income reserved for the needs of the state (what "sustainability and equity require"), and much of what remains micromanaged by the government as well – at least until it can be replaced by more

eco-friendly activities, such as bee-keeping (page 14) and tax collection (an additional 75,000 staff for HMRC, added to the list on page 50).

There is precedent for this policy, albeit an unpromising one. During the 1920s, too, under Lenin's New Economic Policy, elements of private commerce were temporarily permitted in the Soviet Union (another quasi-religious project), but again only as part of a transitional phase. Private banking was not permitted.

With that in mind, consider this statement on page 47:

*We believe that the time has come to recognise that the creation of currency and the control of the money supply is far too important to be left to profit-seeking private sector banks and should be brought back under the democratic control of the state.*

This means the abolition of fractional reserve banking, and with it the allocation of credit based on grubby commercial considerations.

Meanwhile, a new green bank and lots of "Peoples' Banks" formed from what remains of the Royal Bank of Scotland will instead offer loans, doubtless on more elevated principles than the ability to repay them.

It is not clear whether the Office of National Statistics would be formally barred from measuring Gross Domestic Product. But what is clear is that GDP would be supplanted by Adjusted National Product, a measure of economic output that not only emphasises environmental degradation (merely printing the manifesto would shrink ANP) but captures non-paid domestic labour and non-monetary transactions outside the household.

It's not clear, of course, whether measuring ANP is even feasible. What is the relative value of an hour cleaning one's house versus an hour grocery shopping or volunteering at a food bank? Does reading to your child or gardening count as work or leisure activities? And even if ANP can be measured, how would it be used?

Perhaps a future Green Party chancellor will successfully convince capital markets that the £338 billion in bonds the government needs to sell them just to cover its planned increases in spending is a safe investment by pointing out that the Treasury has recalibrated the debt burden using ANP, and the ONS projects a surge in spring cleaning.

I have my doubts – or perhaps one could say I lack faith.

*The Conversation's Manifesto Check deploys academic expertise to scrutinise the parties' plans.*

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