

# Funding the Future

Article URL

Published: January 12, 2026, 5:33 pm

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Johann Hari [has an article](#) in the Independent this morning on the above issues. As he notes:

*Contrary to the claims of their apologists, there is nothing inevitable about tax exiles. The Tax Justice Network and the brilliant financial expert Richard Murphy have laid out a clear road-map for how to end them.*

Well, that's a new description of me, and one I'm not sure about, but the real issue is what he notes, based on a conversation we had, in part:

*Within Britain, there are two types of tax avoider, and they need to be dealt with differently. First, there are the British citizens who claim to be only semi-resident here, and therefore say they should pay little or nothing. There is a simple way to shut this down — and it is already put into practice every day in that socialist utopia, the USA. If you are an American citizen, you pay taxes to the US exchequer, wherever you live in the world. You are allowed to earn up to \$50,000 abroad tax-free, and after that, you pay American taxes. You can't be a tax exile. It's impossible. You want to be part of the American club, you have to pay the membership dues. If you don't want to contribute, you have to renounce your citizenship — a wrenching move that only 500 deeply odd and unpatriotic rich people choose every year. Britain could do the same with a click of our legislative fingers. It would abolish overnight the concept of a tax exile.*

*The second group are non-British citizens who come here and refuse to pay taxes on their global fortunes. Under New Labour, this group has been so cravenly courted that the IMF actually classified the British Isles as a tax haven for foreigners until 2008. Now, they pay a paltry £30,000 a year to count as a non-dom — and then nothing. For people so rich, it's the equivalent of handing us the small change down the back of their settees. They drive up prices for us all: we have to compete with people for (say) property in London who pay no tax. They can be dealt with just as easily. People who come for short stays — to be a student, or on secondment — shouldn't have to reorganise their entire tax affairs when they come; that would discourage visitors. But if you stay here for three years or more, you are plainly relying on British public services — so you should have to pay full taxes on your global fortune to us, or go.*

*And for the tiny number of the super-rich who would still leave and choose eternal boredom in Monaco or the Cayman Islands? They'd be no great loss, but we should still chase them by leading a global crusade to shut down the tiny number of places that allow them to warehouse their fortunes tax-free. It's not hard when there is the political will: after 9/11, even the most shadowy tax haven shut down al-Qa'ida-linked bank accounts within a week. When Monaco refused to co-operate with France on tax laws, Charles De Gaulle surrounded it with troops and cut off the water supply.*

*We are constantly being told by a chorus of conservatives that the financial crisis caused by their market fundamentalism can only be solved by slashing back spending. But this is unnecessary if only the overclass start to pay their taxes. Look at the country we are told is the exemplar of over-spending, Greece. In fact, it suffers the worst tax collection rate in the democratic world. According to a study by Professor Friedrich Schneider, some 25 per cent of taxes are not paid, making up \$20.5bn a year. If Greece ended this culture, its financial situation would look very different. Why don't we hear this story, instead of the nonsense that they pay their teachers and nurses too much?*

*So why aren't elected governments opting for this sensible, simple solution, supported by 78 per cent in a recent poll? The tiny number of super-rich talk louder than the rest of the population. Their money warps our politics: Labour has non-dom donors too. So the scandal isn't just that Michael Ashcroft has captured the Conservative Party. It's that his repulsive tax tango has been legal under Labour as well — and we all have to go on paying for this parasitism.*

Quite so: this is an issue where Labour too has been wrong, time and again.

But surely — never again? That's what I hope.