

# Portillo gets it right on tax &ndash; but no one said t...

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Amazing I can write such a headline. Yes, that is Michael Portillo; he who the left loved to hate once upon a time.

But Portillo has grown up. I also note he's left the Conservative party. Despite which last night he appeared on Channel 4 as a quasi Tory pundit to discuss what is not being said by politicians in our election. And he probably said the wisest thing said all evening, which went something like this:

*I suspect at the end of the day there will be a lot less cutting than politicians are saying right now and a lot more tax increasing that politicians are also saying right now. And that's simply because cutting is very, very hard. It's only been done twice, after the first and second world wars, and unless the state of sterling requires it I can't see it happening again now.*

I don't suspect Portillo is right. I know he is. Hence [The Great Tax Parachute](#), which lays out a plan where there is none for cuts and where there can be none for cuts — because the people of this country will not accept them.

They'll reject those cuts for good reason. The same debate gave all the clues why a programme of cuts makes no sense. Take some examples.

Some savings will require spending to achieve them. Tackling benefit abuse requires investment, for example. Getting people back to work requires considerable investment in counsellors, for example, and creating jobs for them to go to requires even more investment.

In the meantime, butting benefits creates unemployment. The poorest in the community will have less to spend than now. That will be recessionary. And cutting welfare services such as home helps, old people's homes, and many more care facilities slices through employment sending hundreds of thousands into benefit claiming — all just to waste a resource of enormous value to society as a whole who will then be sitting at home watching day time television with no impact whatever on exchange

rates. This is just throwing resources and people's lives away to create universal misery to keep Standard & Poor's happy.

That is the folly of this. As Paul Krugman said last week, [the rating agency process is corrupt](#). As he notes:

*of AAA-rated subprime-mortgage-backed securities issued in 2006, 93 percent  
â€š„ 93 percent! â€š„ have now been downgraded to junk status.*

That's not chance. That's indication of a systemic failure, or corruption, or both.

So the real agenda we need is not cuts. It's tax increases. and it is major financial reform. And no one (bar the Greens) are offering that at this election.

That's why we're heading for a miserable time.

My hope is we get PR and with it the chance for real politics and real reform to tackle this. I may be optimistic. I have to be when clutching at straws from Michael Portillo. But that's better than despairing.