

The success of the neoliberal model is to deliver stat...

Published: January 13, 2026, 2:55 pm

The FT made [this observation yesterday](#):

Fork-lift truck drivers in Britain could expect to earn £19,068 in 2010, about 5 per cent lower than in 1978, after adjusting for inflation. [Median male real US earnings have not risen since 1975](#). Average real Japanese household incomes after taxation fell in the decade to mid-2000s. And those in Germany have been falling in the past 10 years.

After thirty years if the neoliberal model of economics being in operation this one paragraph reveals what it is really all about: making the rich richer and leaving the rest behind.

I've never heard this stated more bluntly than by Alvin Rabushka, the creator of the concept of flat taxes, who told me when I interviewed him in April 2006 when I [undertook research on flat taxes](#) for the ACCA that:

The only thing that really matters in your country is those 5% of the people who create the jobs that the other 95% do. The truth of the matter is a poor person never gave anyone a job, and a poor person never created a company and a poor person never built a business and an ordinary working class guy never drove economic growth and expansion and it's the top 5% to 10% who generate the growth for the other 90% who pay the taxes to support the 40% in government. So if you don't feed them [i.e. the 5%] and nurture them and care for them at the end of the day over the long run you've got all these other people who have no aspiration for anything more than, you know, having a house and a car and going to the pub. It seems to me that's not the way you want to run a country in the long run so I think that if the price is some readjustment and maybe some people in the middle in the short run pay a little more those people are going to find their children and their grandchildren will be much better off in the long run. The distributional issue is the one everyone worries about but I think it becomes the tail that wags the whole tax reform and economic dog. If all you're going to do is worry about overnight winners and losers in a static view of life you're going to consign yourself to a slow stagnation.

As for the role of government, he said:

I think we should go back to first principles and causes and ask what government should be doing and the answer is “not a whole lot”.

He was wrong. But his view pervades. I hear it echoing through everything Michael Gove says about teachers. And what I suspect Gove shares with Rabushka is a belief that the 90% really don't matter: that they should get whatever they're given and be grateful. Thankfully the 90% are saying they're aren't grateful. And that this odious thinking is wrong. Which is why they're right to take action, because their situation is not necessary, the government is choosing that they should suffer. We should never forget that.