

# Funding the Future

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This letter [was in the Guardian today](#), and is an idea that now has to be on the agenda for debate:

*Seumas Milne is right that governments should start bailing out the real economy, rather than the banks, with public investment for growth ([The elite still can't face up to it: Europe's model has failed](#), 3 November). But from where will the funds come for this? A Tobin tax will not generate sufficient, even if it could be made to work internationally, but there is alternative.*

*A central cause of current economic instability has been the astonishing accumulation of private wealth to the richest 10%, and the use of this in deregulated global markets for speculative trading and purchase of assets including property, [currencies](#) and commodities ([Markets slump after Greek referendum call](#), 1 November). So the \$43bn funding gap of [Greece](#)'s government is matched by about the same amount going offshore, much of it reported as being put into the London property market by wealthy Greeks. This continues to rise while others slump. On a larger scale we might look at the New York Mellon Bank, which holds the assets of high worth people, and whose [website](#) notes that it is "focused to help clients manage and move their financial assets". These, in this one bank are listed as \$25.9trn, which is of course enough to pay off the US national debt, solve the [euro](#) debt crisis and have change.*

*The world is awash with cash, while the productive capacity of its peoples and industry is the greatest in human history. But instead of taking some of these assets and using them to promote investment in a sustainable economy, the preferred government solutions are to print money and impose cuts which affect the poorest and create unemployment. The first of these generates inflation, damaging pensions and savings while adding to the financial stress caused by the second.*

*The obvious solution is a wealth tax on the richest 10%, which we first advocated a year ago. Now the head of the biggest bank in [Italy](#), Corrado Passera, is also promoting the idea, saying that Italy's \$2,750bn debt could be resolved by a tax on Italy's private wealth. This is five times the size of its debt. It also shows how misled we are by media and political commentary on "countries going bankrupt", when what is actually being described is a cash flow problem.*

*Other solutions such as effective income tax will be needed in the long run but what is crucial now is a fundamental restructuring of social wealth to repair the huge damage caused by the release of the free market, and the political courage to plan an economy of the future.*

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I see all the problems, but when these bail outs are for banks and private wealth held within them Greg's proposition which seemed off limits when he first promoted it now seems to be worthy of serious debate.