

If you thought the battle for tax justice was over, thi...

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I had a discussion yesterday afternoon with a friend on where we saw capitalism going. The answer was neither of us saw it going very far at all. maybe we're getting older, and maybe we're just wrong, but we could not see what it was that capitalism could currently invest in that would create better outcomes for humankind than we could imagine might be available from public use of the same funds. The fact that multinational corporations are now sitting on so much cash (running to trillions of dollars) that they seemingly have no idea what to do with simply confirmed, in our view, that they shared our belief but were not yet ready to admit it.

That conversation framed the way in which I read Martin Wolf's article in the FT this morning entitled '[Enslave the robots and free the poor](#)' in which he argues that the future prospect for capitalism is increased use of robotics, the elimination of much unskilled and middle management labour and a consequent potential polarisation of incomes, with the risk of massive increases for a few and hardship for many.

Now, Martin Wolf is older than me. He may suffer the same lack of vision that I do. Or, like both me and my companion from yesterday afternoon, he may have read Keynes and his belief that a time would come when rising income would liberate us all to work less. That has not happened yet. But Martin Wolf rightly asks what the purpose of this new wave of wealth that robotics could supposedly supply might be if it is not to achieve that goal?

Of course, enforced unemployment would be one form of such 'liberty from work', but on the basis of current trajectories it would be an increasingly miserable existence. This is not what Wolf has in mind. He believes, and I share his view, that growth of the sort that technology might now create (but isn't at present) is only worthwhile dependent solely upon our ability to redistribute the gains it realises or it is a gain not worth having.

At this juncture Martin Wolf becomes a little more vague as to the necessary mechanisms. He espouses a universal income, [as I do](#). And he also proposes land value taxation, which undoubtedly would be of benefit. But most of all he says, by implication, that in the future we must tax rents, and of all these rents he suggests that intellectual

property rights might be the one that will require most attention.

This is fascinating, because this is at the forefront of the current battle on international taxation. Google shifts the 'rent' it can earn from its (state funded) technology from the states where it should be taxed through Ireland into Bermuda. We all know other technology, pharmaceutical and similar rent earning companies (and most multinational corporations are now of this sort, for varying reasons) do similar things. And they are fighting very hard to defend their right to do so at the OECD, which has already backed off from making changes to tackle tax abuse in the digital economy.

But this is, if Martin Wolf is right, no minor issue of technical tax. It is as I and colleagues in the Tax Justice Network and elsewhere have long argued, about the future of society, the sustainability of our way of life and the future of capitalism itself. If capitalism can adapt (and it has before) it may defy Marx, again. If it can't whether Marx was right or wrong will in one sense be pretty inconsequential; the consequences will be too torrid to afford much time for reflection on the issue.

In that case though taxing rents - and most especially those rents that big business captures for itself and the elite that run them ([as Barclays more than adequately prove to be the case this week](#)) - is the battlefield on which the survival of society will be fought. And that brings the issue of tax havens, used to harbour those rents, into even closer focus than before.

If you thought the battle for tax justice was over, think again. It's hardly begun.