

A pound is a pound is a pound

Published: January 13, 2026, 7:52 pm

Astonishingly this comment comes from [Janan Ganesh](#), George Osborne's biographer, [in the FT](#) this morning:

Conservatives can demand a relationship between desert and reward or they can oppose inheritance tax. They cannot do both. Bequests of capital give privileged children, however gormless and mediocre, a crushing advantage. When Tories dress up this warping of life chances with Burkean pieties about a concord between the generations, their most impressive feat is keeping a straight face.

Ganesh is as harsh on tax exemption for homes and second properties. His desire is less tax on enterprise. As he puts it:

But the property racket, and its fossilisation of the asset-rich, makes us look more like a rentier economy than the property-owning democracy of lore. Building more houses will not, by itself, restore sanity. Britain's growth rate over the past three years testifies to something going right.

For that, Mr Osborne must change a tax system that was designed before returns to capital (and especially property) greatly outstripped returns to labour. The Tories cannot be the workers' party until they discriminate, proudly, between those who earn their money and those who fluke their way into it.

And I have to say, he's right. It's also apparent that he thinks Thomas Piketty is right. I have written the following in *The Joy of Tax* (following a discussion on how to calculate the tax base):

It is important to recognise that income for tax purposes is closely related, for most purposes, to the accumulation of cash during a period as calculated before sums are expended for personal purposes. The consequence of doing so is, however, of profound importance and is that as far as anyone is concerned (and I stress, anyone) one pound accumulated from one source of income is identical in economic value to a pound from any other source. In fact, when put side by side as notes, or when mixed together in a bank account, it would be impossible for a person to tell whether a particular pound

was from earned income resulting from work, or from savings income (such as interest on a bank account), or from a capital gain on the sale of shares or a house, or as a gift from another person. A pound is a pound, is a pound and each contributes in the same way to a person's well being, albeit (as already noted) the more of such pounds that there are the less each one is individually significant to the person who owns them.

Ganesh argues for a bias to income. I argue for an equality as to source, in the first instance.

What is impossible in the twenty first century, as Ganesh notes, is a tax system with a bias to unearned capital. I am a little surprised to share common ground with him, but am happy to do so on this occasion.