

Funding the Future

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A very old friend of this blog is a man called [Dennis Howlett](#). He was, in fact, the person who first persuaded me to try the medium way back in June 2006. He posted a comment today which I thought worth sharing. [In it he said](#):

@richard — after all these years and given the stuff you’ve had to put up from the far right, I imagine you are enjoying a well deserved sense of vindication.

My problem with these revelations is — where do world government leaders go from here? How is any action going to be trusted (sic) by the ordinary person who will not understand the intricacies involved and yet must at the same time feel betrayed? It is easy to say that the obvious answers are A, B or C but what we are seeing is systemic global corruption. That surely makes the prospect of concerted action almost impossible to imagine as viable without the equivalent of revolutionary change. If you accept that then things could get very ugly.

I also fear that mainstream media is going to be largely challenged to come up with a tone that people will find credible yet their ‘voice’ cannot be ignored as a factor playing into populist politics. I see that in the US (I currently live in San Diego) in the egregious attention given to the Trump campaign in the name of ratings and ad dollars.

If that is not a meta-question I am not sure what is, which is why it interested me. It is also why I have little sense of vindication: the challenges remain ahead.

The first thing to say that I have already written three other blogs to prepare the ground in response to the question Dennis raised. [The first is on what David Cameron should say](#) to make clear precisely where he stands now, which is ambiguous at present, to say the least. [The second is on the costs that tax havens impose on the UK](#), and the [third on actions we could take to tackle them](#). Each stands in its own right, but each contributes here too, although I will not repeat them.

My point is that what most people will feel in the face of these revelations is a natural sense of powerlessness. This will be based on frustration with politicians who duck the question, a lack of comprehension on what this abuse means and why it happens and lastly a feeling that nothing can be done. This is precisely why clear messages, that a

politician can know their mind and provide leadership, that they can explain the issue and that they can formulate a response (which is what I have sought to do) are essential. The feeling of helplessness has to be addressed, and it is only clarity of words, message and proposed action that can deliver that.

As important though is the understanding, which I stress, that the necessary actions can begin locally, especially in the unique case of the UK, but certainly not in isolation here. Across the globe getting the domestic act in order in a way that holds business, wealth and an elite to account for the use they make of the privileges they are given by society is essential. The relationship between the grant of privilege by a democracy and accountability for its use has to be re-established, however much some will resent it. This is the starting point for changing sentiment. Unless that can be done the sense that sweeping everything, democracy included, away in a revolutionary act is worthwhile may become real. To say I would profoundly regret that is the most massive understatement.

Last, leaders cannot achieve these goals by playing a blame game - which is always the resort of the charlatan, of whom we have too many. Rather they have to manage it by accepting responsibility. Admittedly this is a characteristic in desperately short supply of late, especially when it has all too often been equated with self-interest, which can frequently be its antithesis. As I argued in my book, *The Courageous State*, what we have in fact become used to are what I called cowardly politicians. They are the sort who, when they see a problem, seek to distance themselves from it as much as possible and then suggest the market is bound to find a better solution than they or the state could possibly achieve.

There is no way that this can now deliver the political solution we need. The problem is that on this occasion it is very definitely the market - for offshore secrecy - that is the problem. We cannot, therefore, in anyway expect the markets to solve the problem. That's not least because the challenge that the market for secrecy creates is to the credibility of markets as a whole. The simple fact is that secrecy undermines every single component of market theory and practice and the suggestion that they can provide a powerful contribution to human well-being. With secrecy there is an unlevel playing field, which makes fair competition impossible. With secrecy free riding will always happen. With secrecy abuse is inevitable. With secrecy trust will always be eroded. With secrecy cheating will be the norm. With secrecy no market will have the information it needs to allocate resources efficiently to ensure that well-being is maximised. In fact, secrecy is a bigger threat to markets than communism ever was because it has the power to destroy markets from within. To describe secrecy as the cancer of the free market is to understate its significance.

This does, though, demand a new and special type of politician. It requires a politician who simultaneously believes that markets are sufficiently important to stake their reputation upon, whilst believing that the power of the state can be used to uphold markets from the threat that is inherent within them. Such politicians have become

virtually non-existent in the neoliberal era, where faith in the market alone has been the mantra required of anybody seeking power. Fundamentally this is the conundrum we face: people are completely un-used to a politician who can ride two horses at once, seeking to preserve and uphold the market whilst lauding the power of the state to achieve this objective, and demanding the tax and the resources that are needed to protect honest business from those who would, quite deliberately, undermine it.

This is not the revolutionary change of the type that Dennis fears, but at the same time it is little different in its demand: it requires a fundamental sea-change in opinion, and a willingness on the part of electors in a democracy to realise that it is in their best interest to now pursue politics that are entirely different from those that prevailed for the last 35 years.

The choice is of a peaceful transformation to an economy where the appropriate power of the state is used to regulate the potentially destructive forces of some elements of the market, or of a much more dangerous alternative . I candidly see little between these options, and know, very definitely, which one I prefer. I hope that by the power of argument, and through the conviction of people of goodwill, that the compromise that represents the mixed economy within a democratic state can prevail again. The alternatives are far too ugly to consider, but what the Panama Papers make it clear is that we have to decide what we want. There is no room for fence-sitting anymore.