

It's time to tax

Published: January 13, 2026, 10:42 am

The Tories made no promises on tax increases yesterday, VAT excepted. This was not by choice. This was by necessity.

The reality is that as Theresa May also recognised yesterday markets are not the answer to all questions. And nor is individualism.

Add all this together and what she's saying, whether through gritted teeth or belief, is that the state has a role in our future and that the direction of travel along which all parties have been headed, where tax cuts and a smaller state have been the only possibility on the agenda, is now no longer on the political road map.

Labour signalled that with its manifesto that rejected neoliberalism. May's done it, wittingly or unwittingly with hers.

Of course not all will agree as yet. The Tory right will always be the Tory right, living in their own version of the nanny state forever, where nanny does indeed solve all problems and no questions are asked as to who pays her and why she might want the job in the first place.

There will be as much a problem for those on the right of Labour who have been in denial on the role of the state for far too long.

The LibDems Orange Book tendency will also be in shock. The nationalists and Greens rather less so, I suspect.

But take the May stance, coupled with the recognition that deficits will run until 2025 (at least), as being necessary measures of pragmatism and the Labour stance as being the overdue, necessary, revival of a Keynesian based approach to the economy within a UK political party and what is actually on offer at this election is a fundamental and unavoidable shift in the direction of UK politics.

It's fundamental because low tax and small state is off the agenda.

It's unavoidable because whoever wins will be moving towards higher tax and a realistic acceptance of a bigger, more interventionist state.

I welcome this. Much as I think markets have a role in the economy I know that they cannot meet all need. I know too that because of the belief that they can substantial pain has been imposed on many. And I also know that the opportunity that enlightened tax and government policies provide to help people fulfil their potential have been foregone.

It's less than two years since David Cameron mocked my book [The Joy of Tax](#) at Conservative Party conference. But that was then. Now it's time to use tax to build the future we need. And the main parties are agreeing.