

Funding the Future

Article URL

Published: January 12, 2026, 7:34 pm

Several months ago I was asked to give a talk to Leicester University Actuarial Society. Not being sure what I would want to talk about so far in advance I chose the title 'Economic heresy' as my theme. Today the moment to give the talk arrived. These were my lecture notes, offering a personal perspective on this theme:

Economic Heresy

- * Heresy is a belief or opinion contrary to orthodox religious (especially Christian) doctrine
- * Or as I will apply the idea today:
 - * Belief or opinion contrary to the neoliberal view
 - * And most especially a belief that:
 - * Tax havens do not oil the motion of globalisation
 - * Tax has a fundamentally beneficial role to play in society
 - * The role of government, fully empowered by its ability to create money for the public good, is a good thing for all in a society
 - * These were the foundations for my heresy
 - * Why be a heretic?
 - * Only because the evidence demands it
 - * Being different for the sake of it is the preserve of teenagers
 - * In adulthood it requires something more substantial to sustain it
 - * It's my belief that the prevailing interpretation of evidence cannot explain the observable facts
 - * Some facts
 - * There are tax havens
 - * And they persist despite efforts to curtail their activities
 - * Tax havens are a market imperfection
 - * They create opacity contrary to the requirements of efficient markets
 - * They are designed to increase inequality and so deny the equal access to capital on which efficient markets depend
 - * They are intended to create an unlevel playing field on which business can compete contrary to the requirements of efficient markets
 - * They reduce the accountability of capital, and yet efficient markets require that those in the marketplace be identifiable
 - * There are corporate taxes
 - * Which are essential if we are to:
 - * Have an effective income tax system
 - * Tax all trade on an equal basis

- * Tax profits in the place where they arise rather than the place where the owners of companies might claim they reside
- * Appropriately price the benefit that limited liability provides to the owners of capital
- * Tackle the inequalities that rents, monopolies, cartels and the protected returns to capital otherwise create
- * Despite which multinational companies persist in trying to avoid them however great the effort to curtail this activity
- * Corporations are themselves an aberration within the market
- * As Adam Smith was quite sure of
- * And the secrecy provided to their trading in far too many places, including the UK, compounds this issue
- * Put tax havens, unaccountable companies and unknown owners of capital together and you get deep wells of opacity within the global market place
- * This combination that I set out to challenge with others
- * More facts
- * There has been a Global Financial Crisis
- * And another is likely
- * The reaction has been austerity
- * Because it was claimed there was a shortage of available taxation revenue
- * And yet this was wrong
- * Precise details are open to debate, but as I began to show from 2006 onwards, and as HMRC has confirmed, albeit too modestly, there is a substantial tax gap in the UK
- * They say it is about £35 bn
- * I think it could be £120 bn
- * And this is not just the UK
- * I estimate it may be $\hat{a}, \sim 1$ trillion across the EU
- * Which means there never was a shortage of tax revenue
- * There was instead a lack of willing to collect tax
- * And a lack of willing to collect the data needed to facilitate that possibility
- * From tax havens
- * From companies
- * Whether multinational
- * Or local where in the UK 400,000 companies (or more) fail to supply the data required to tax them each year
- * From the wealthy
- * And on letting income
- * And land transactions
- * And financial flows
- * All of which could be taxed, but are not
- * And yet more facts
- * Against which awareness I set the fact that very obviously those tasked with managing the economy either did not, or chose not, to understand money
- * As a result of which they claimed that if money was to be spent by the government there was not alternative but to tax when this is not true
- * Some £435 billion of QE that has cancelled all net government borrowing from 2012 to 2016 proves
- * But about which there is a wall of denial even though blatantly obviously this exercise did, as it was always intended to do, create new money out of thin air for exactly this purpose, with no intention at all that the debts in question would ever be re-issued

- * Meaning that vital and important as tax is, what a true understanding of it and its relationship to money and debt provides is that it does not pay for government spending at all, but does instead act as two things
- * One is as a tool of macroeconomic management
- * Where firstly tax is intended to enforce the use of government created money in an economy simply by requiring that tax only be settled using it
- * And secondly to control inflation by withdrawing from use the money the government creates by its spending just as bank deposits cancel the money created by bank lending
- * And the other is as a tool of social policy
- * To deliver redistribution of income and wealth
- * To reprice market failure in the form of externalities
- * To incentivise certain behaviours
- * To encourage participation in democracy - because tax is the consideration in the social contract
- * But none of this was recognised
- * And so in support of supposed free markets, which were anything but that
- * And in support of supposedly essential austerity which was again anything but that
- * We got an assault on the livelihoods and wellbeing of billions of people
- * And for pointing these things out I have been considered an economic heretic
- * But what have I actually done?
- * I've sought to establish that there is considerable financial wealth recorded in tax havens
- * And in the process redefined tax havens as secrecy jurisdictions, which was critical to the change in the campaign against them by showing that what they sold was simply the means to cheat
- * And have sought to reveal the data that will bring that financial wealth into the tax base
- * By creating country-by-country reporting that requires multinational corporations
- * By fighting for automatic information exchange from tax havens - that I was told was impossible in my lifetime by the UK Treasury in 2009
- * By seeking to disclose the beneficial ownership of companies
- * By providing an alternative economic narrative
- * By highlighting the existence of the tax gap
- * The closure of which would make austerity unnecessary
- * And by co-authoring the Green New Deal
- * In the process creating Green QE which became Corbyn's People's QE
- * And by demanding greater accountability
- * Of government
- * Of companies
- * And tax authorities
- * Or to put it another way
- * I have demanded better information to support the decisions that are glaringly obviously possible but which have supposedly been off the agenda because of an absence of data
- * Or, in conventional economic terms, all I have really sought to do is provide the data that rational decision making demands exist
- * Which begs the question, is that heresy?
- * I would argue not, of course
- * This has been about creating level playing fields
- * And fair competition

- * And efficient allocation of resources
- * And finding the right balance between government, the private sector and people
- * As well as the most effective tax bases to deliver macro economic stability within a mixed economy run democratically to represent the interests of all in society in a reasonably balanced way
- * How can this be heresy?
- * Only if, to go back to the beginning, and realise that the orthodox prevailing doctrine is opposed to all these things
- * We live in a society where the interest of the wealthy are to be served
- * Where the state is to be despised
- * Where those with insufficient income are morally to blame for their deficiency
- * And where the parable of the Good Samaritan is so distorted as to mean that what is to be praised is the fact that he had money, and not that he cared for his neighbour
- * I am unapologetic
- * For not accepting those values
- * For believing we can have the society that lets markets function freely
- * Whilst letting government undertake the role it so obviously has to play in society
- * And which can tax as it sees fit
- * In accordance with its democratic mandate
- * Because neither money or tax are the mechanisms of oppression but are instead the means for liberation
- * To deliver for all in society
- * So that all are both absolutely and relatively better off
- * For having a dream in other words
- * A dream of a world where economics is the liberating and not the dismal science
- * And believing that this is possible