

Suffering the Gramscian moment

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I enjoyed [my debate with Arthur Laffer](#) yesterday.

I admit I enjoyed winning. If this was tax competition then I was in it for only one outcome.

And I have to also say I was hardly surprised I did win. Arthur provided an insight into the still present mind of the right wing that has for too long had excessive influence on the economic agenda of the world.

What do I mean by that? I mean that in his first session he argued that competition works because we know the world is optimal when businesses trade at the point where their marginal revenues equal their marginal costs. Arthur had assured me that he has been the director of real companies. That's hard to believe when he can think this equation has ever held true. I'd suggest that if it does it can only ever be by accident. There is good reason for that: no company can really know what its marginal revenue is. It has little better ability to calculate its marginal cost, and if it could the cost of doing so would not be worth the effort expended, literally by definition (think it through and I think you will find I am right). In other words, what Arthur argued was based on something a long way removed from real-world conditions.

Now I do not pretend that I did not play to his arguments, because I clearly did. That was always my intention. I deliberately put the case that if he believed in the theory of markets then he could not also believe in tax competition since the two cannot co-exist. I happen to believe that is true, and think I made the case for it.

But I also made other real-world arguments for my opinion. And that is what I hope won the day. It was interesting to hear Pascal St Amant, head of tax at the OECD, then follow up in a discussion of tax competition and make other arguments that I have in my time made. He argued, for example, that there is a case for minimum tax rates. I think that true now.

But the real point is something more important. Laffer is one of a literally dying breed of

economists who helped hustle in the neoliberal era: he was a Reagan adviser, just as he is now a Trump adviser. And that generation is ceasing to have the influence they once had: Arthur Laffer must be one of the few still really active, and he is a sprightly 78. Those that have followed lack the conviction and the zeal. More importantly, in their hands the ideas seem tarnished and irrelevant.

I am not saying that, MMT apart, there are many new shows in town, although when it comes to tax the tax justice agenda has largely prevailed. What I am saying is that the old guard is passing. As one person said to me in Paris, with Trump, Kavanaugh and Brexit they might leave decades of turmoil behind them as their last gasp legacy. But that does not mean the era is not ending, because it is. We just have to suffer the Gramscian moment until the new might emerge. That could be very painful, and too prolonged. But I look forward to it. I want to see it well before my own time is up.