

We can do without the wealthy, their taxes and the deni...

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The rich are threatening to leave the UK, again.

They won't. They keep saying they will, but they never do.

First, let's note why they won't. That's in part because they could already. After all, they're rich. They could live anywhere. But they don't. They choose to live here. And that's because it's the coolest country for them to be. It's the place to be, and to be seen to be. And when you're rich being seen really matters, a lot. Nothing will change that.

Then there's the fact that their children are here. And they won't want to change schools, leave their friends, or board.

Plus the fact that their in-laws are also here, and also don't want to move.

And they don't want to disrupt the whole delicate social infrastructure of life that makes them feel really important. There is simply no guarantee they'll recreate that anywhere else. And that matters a great deal when you're rich.

What is more, and like it or not, most of the rich are remarkably like other people: there have extraordinarily good reasons for not moving far, and for regretting it when they have. So they don't, in the main.

Second, there's the problem of where to go. Tax havens are intensely boring. And proving you really live in one is even more tedious because the first thing you want to do when living in one is get out.

Go beyond tax havens options and the big issue to consider is the tax rate. The UK will remain pretty friendly even with McDonnell's reforms. Candidly, the UK's rich are not, in most cases, going to find that many better places to live that they could bear to live in.

Third, let's also be clear that even if these people move the real question to ask is 'so what?' By which I mean, what is the consequence? Less than they want to suggest, is

the obvious answer.

In the first instance that's because these people and their supposed wealth are only loosely physically related in any case. Just because they leave the UK does not mean that the companies that they own and their investments will necessarily do so as well. The idea that they live over their shops and the shop moves with them is for fairy tales. So, in reality, almost any wealth they have in the UK, excepting their houses, is unlikely to leave the country with them.

So let's deal with that issue of their houses. Let me say straightaway that I am, of course, aware, of the problem of foreign buyers acquiring homes here and disguising the fact. But what we're discussing here are people resident in the UK who might leave. And under current tax rules leaving without selling is pretty hard. That's deliberate: I was involved in the reviews that gave rise to this law. So to become non-resident in the UK the rich must not just go, but they must also usually sell up here. But the homes will still be here. The wealth in them will not move. It will just be owned by someone else. And whoever buys those piles will still maintain them, pay for all the services that the existing owners use, and so on. And if the price falls? So what? We need house prices to fall, and decline at the top end will do no harm. This nonsense about the cost of these people leaving their homes at cost to us all is just that: nonsense.

Finally, let's look at the economics, albeit briefly. Here the facts are simple: billionaires are a sign of market failure. As anyone who knows anything about economics, markets and efficiency will know, if markets work properly then whenever profits go above a 'normal' rate new entrants should come into the market and reduce the profit rate to normal again. So, the trend should be for lots of smallish firms making acceptable profits. But we don't have that: instead we have massive firms that accumulate wealth for a tiny number of people who earn exceptional, super-normal, profits. And that is the surest sign we have that we have inefficient markets that are not working in the common interest. Which is true, of course: they don't. The aberrations come from limited liability, patent and copyright laws, trust laws, and inherited wealth that is exceptionally lightly taxed so that it passes from generation to generation concentrating wealth. Anyone with an interest in efficient markets should object to this: the system we have denies opportunity to millions of potential entrepreneurs by locking them out of markets.

So, in conclusion, maybe a few rich people will leave the UK if Corbyn come to hold office. And maybe a very little bit less income tax will be paid in the short term as a result. Maybe. But my answer is, so what? The tax the very rich pay can be more than made up, if necessary, and the benefit of the reduction in inequality in this country will outweigh any such cost.

The reality is that the flaunting of wealth and the stress it creates undermines social cohesion in this country, undermines fair markets and denies opportunity to many hundreds of thousands of people to whom markets are closed. We can, and should, do

without the system that generates this wealth in that case. A society that tolerates the gross and growing inequalities we now suffer is toxic.

Is Labour right, then, to target wealth of this sort? I say yes. And we'll all win from it doing so, including the wealthy. Which is the other reason why they will stay: they can afford to do so.