

Funding the Future

We need to tax income from wealth more, but massive wea.

Published: January 13, 2026, 6:48 am

Polly Toynbee wrote this in The [Guardian](#) yesterday, referring to the need for funding to beat our economic crisis:

But what if, with one bound, we could be free? Extraordinary times need astonishing remedies. In this very rich country, private wealth has soared to [six times](#) the value of annual GDP. So take a deep breath and jump in. A once-in-a-lifetime windfall tax of 10% on all wealth would yield £1 trillion — enough to pay for all the things we regard as essential for civilisation.

Polly was referring to the proposal for a wealth tax from Arun Advani and Andy Summer that I [mentioned](#) here last week. But it's simply wrong to think that there is the potential for £1 trillion of tax in any such proposal and the sooner the left realise this the better.

I repeat here the data

	£ billion		Percentage Change
	July 2012 to June 2014	July 2014 to June 2016	
Property Wealth (net)	3,806	4,516	19
Financial Wealth (net)	1,564	1,630	4
Physical Wealth	1,130	1,230	9
Private Pension Wealth	4,385	5,354	22
Total Wealth (including Private Pension Wealth)	10,886	12,730	17
Total Wealth (excluding Private Pension Wealth)	6,500	7,376	13

The source is ONS wealth surveys.

The key point is a simple one. As I have noted before, most property wealth is homes. That which is not is largely lived in. And it is unlikely that we want people evicted to pay a wealth tax.

Pensions are tax incentivised and so will be hard to tax.

£700 billion of net financial wealth is ISAs and so tax incentivised, and so again, hard to

tax.

Physical wealth is as much cars and furniture as anything else - and is very hard to value as a tax base.

So, we are down to £900bn of tax base. That does not permit a £1 trillion tax charge.

There are other reasons why we also do not need a tax of that scale.

First, if £1 trillion of money is required by the economy the government can create it. Polly Toynbee refers to the inflation risk of this, but there is none. We are going to have millions of unemployed. Stagflation is no longer a risk. And QE and central bank reserve balances now let governments control rates in ways that were never possible before.

Second, bizarrely, taking £1 trillion of cash from the economy that the government does not need will reduce UK M4 money supply by that amount, from about [£2.6 trillion where it is now](#), to about £1.6 trillion. And there is, of course, no guarantee that the money will recycle back into the economy: indeed, there would be no capacity for it to do so for some considerable time. So we would simply create a credit crisis by demanding a wealth tax of this level. That would be disastrous.

And at the same time we would create another crisis, because not everyone who had to pay would have cash so they would have to sell to pay. That would force an asset price crisis and probably a banking crisis as well.

And third, so what? The so-called national debt is costing historically low sums that do not threaten our well being but does make spending possible. There simply is no issue with rising national debt right now. All that it represents is the savings glut that is growing.

Do we need to tax wealth more? Yes, of course we do. But let's do what's logical, which is to increase the tax on the income and gains from wealth first. I [suggest how here](#). But let's not talk about crashing the economy to repay the national debt when we simply don't need to do that. Of all the crises that we face, this is one we can avoid, so let's do so.