

Funding the Future

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I have [this morning published](#) what I think will be the pre-penultimate section of the Taxing Wealth Report 2024 this morning, dealing with necessary changes to the current tax system that will be required if the recommendations within the Taxing Wealth Report 2024 are accepted.

Current, crude bodes within the UK tax system introduced by Chancellors since 2010 to try to make the system more progressive have created very high marginal tax rates for those with above average earnings in some situations, which would be exacerbated in an unreasonable way if the Taxing Wealth Report 2024 recommendations are accepted. I have, therefore, had to suggest that these bodes be removed from the tax system if the overall outcome of this work is to be fair. Removing these bodes results in a tax cost of approximately £19 billion but still leaves overall net additional tax revenues of £92 billion that might be raised if all the TW recommendations were adopted.

In addition, £35 billion of pension savings and £70 billion of ISA savings a year might be made available for investment in social infrastructure and climate-related projects.

This means that, in total, the Taxing Wealth Report 2024 now suggests that more than £200 billion per annum could be released into the economy as a consequence of relatively easy-to-deliver tax forms that would result in a much fairer UK taxation system. This would most especially be the case if part of that revenue raised was used to reduce tax rates on those who are lower paid or to increase benefit payments.

No further reforms adjusting these sums will now be proposed as part of the Taxing Wealth Report 2024. In that sense, the project is now complete.

Two sections that have been in progress for many months are still to come. The first is a diagrammatic representation of tax and money flows within the economy. This is something readers have been asking for since well before this project began. Achieving it has taken a lot of thinking and many revisions, ably assisted by my wife, who has been reading and commenting on it as it has developed, whilst also demanding further explanations that have extended the work. I hope this will be out within days.

Then there is a section on why more investment in HMRC is required, for which the data is largely complete, but the writeup is not.

After that, there is the final summary to complete, much of which has already been drafted.

Then, it will all be turned into a single volume for publication. There will be a pdf. A hard copy might also be available, but the cost might be prohibitive.

Meanwhile, [the Taxing Wealth Report 2024 website](#) has now been updated, and once this morning's publication is added, [it will reflect all the recommendations made](#).

An introduction to the reforms relating to each tax, with background explanatory notes on the tax in question, has now been added for all the taxes where reforms are proposed, excepting income tax as yet, and that will be added very shortly.

Some sections on the reform of tax administration and the economics and methodologies underpinning this work are outstanding but should again be finished soon.

That leaves the question as to why I did all this outstanding. There are several answers to that.

Firstly, I did it because it had to be shown that the ludicrous claim that 'there is no money left' is not true.

Second, I wanted to show that we do not need impossibly complicated and exceptionally hard to deliver new taxes, like land value taxes or wealth taxes, to raise additional revenue from those with substantial incomes and gains. As the TWR shows, there are substantially easier ways to do that, and so deliver a fairer society.

Third, I wanted to explore some of the theory behind the related issues of tax, money creation, national debt and related economic ideas like multiplier effects. This has taken a lot of work.

Fourthly, I thought it important to show that in a country like the UK, which had enormous financial wealth that is currently estimated to be £8.3 trillion (or £8,300 billion), it is ludicrous to claim that there is no money available to invest in the climate transition that we have no choice but go through.

This is most especially true when well over 80 per cent of that wealth is saved in tax-incentivised arrangements like pensions and ISAs. The tax subsidies to wealth in such arrangements, which are largely owned by those who are already wealthy and so are not obviously in need of government financial support, cost more than £70 billion a year. What I have wanted to show is that this cost can be used to divert funds saved into becoming the capital to fund investment. Extraordinarily, this connection between

saving and capital formation has almost ceased to exist within our supposedly capitalist economies. I want to revive it and give our financial services sector a real social purpose again.

How will I know that the Taxing Wealth Report 2024 has worked? In the sense that I doubt that anyone will adopt all that I suggest, I suspect it never will. But it was always intended as a menu of options. In that sense, if any parts happen that would be a success.

There was, however, a bigger goal than that. The purpose of the work is to show that change is possible and that we can have the world we want and need. If the debate on government funding changes from its present focus, which always deems anything impossible, to a situation where it is believed that a very great deal is possible, then the Taxing Wealth Report 2024 will have worked.

And if there is some increased understanding of the economics of all the related issues involved, that would be a bonus.