

Funding the Future

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Based on past evidence, I always thought that Vice President and Democrat Presidential nominee Kamala Harris, and was weak on economics. When the issue is always so important that was a concern. In the last 24 hours I have been forced to at least partially reconsider my opinion.

Firstly, she has supported an increase in the US Federal corporation tax rate from 21 per cent to 28 per cent. Trump wants to cut it to 15 per cent. Not only does that clearly create a necessary dividing line, the policy also enormously helps the idea the corporate tax rates should increase around the world: they are very clearly too low. There will, no doubt, be caveats and loopholes in this proposal, because the US tax system is riddled with such things, but this is welcome.

So too were Harris's comments on investment in poverty relief, linked in this tweet.

<https://twitter.com/jdcmedlock/status/1825345800970653963?s=61&t=fQEnD35XLiGihXLT1M1wyA>

Harris is asked to justify the cost of the US child tax credit and she does so by talking about the multiplier effects within communities. It's not just, she says, the direct benefit in relieving poverty that matters. She explicitly states that the additional sums circulating in communities expand economic activity, so increasing the tax base, creating a return in excess of the investment in the tax credit as a result. She says it is the duty of anyone discussing these issues to consider them in this way.

That was a strong performance, delivered with confidence and I just wish UK politicians had the same sense to justify spending programmes in this way.