

Funding the Future

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This is a summary of the presentation I intend to make to a Citizens' Assembly this morning:

Talk to the Citizens' Assembly

21 July 2025

Summary

Why has inequality grown, and how can we make sure that the rich make their contribution to society?

Why has inequality grown?

- * Let's start with data on UK wealth from the Office for National Statistics:
 - * The bottom 10% (about 5.4 million adults) had an average wealth of **£12,835** in 2022.
 - * The top 10% had **£2.35 million** on average.
 - * The top 1% held over **£5 million** each on average.
 - * In total, **58% of UK wealth is owned by the top 20%**, and **37% by the top 10%**.
 - * This shows starkly that we have **massive wealth inequality** in the UK.
 - * What does that mean in real terms?
 - * The bottom 10% only have some personal property — no financial security at all.
 - * The top 10% have over **£300,000 in the bank**, enough to absorb almost any shock.
 - * This is the difference between **having wealth and being permanently vulnerable**.
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How did we get here?

- * Historically, wealth was accumulated by:
 - * **Enclosing land**, claiming it and charging rent.
 - * **Colonising other nations**, enslaving people and extracting their resources.
 - * Exploiting **mineral resources** without paying for environmental damage.
 - * Today, extraction continues through:
 - * **Monopolies** — water, trains, energy, mobile phones — all protected by the state.
 - * **Banks and tech companies**, which dominate markets and extract profit daily.
 - * Meanwhile, the **system is rigged** in favour of wealth:
 - * In my 2024 Taxing Wealth Report, I showed average tax rates by income group.
 - * The richest pay **lower average tax rates on total economic gains (earnings plus wealth increases)** than the poorest.
 - * On new wealth gains from 2011-2019, the richest pay about **4% tax on average**.
 - * This creates a **rank tax system that promotes inequality**.
 - * In fact, every taxpayer in the top 10% **receives an effective subsidy**:
 - * Through tax relief on pensions, they get **nearly £9,000 a year on average**, more than maximum Universal Credit or PIP payments.
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So, how do we make sure the rich pay?

- * **Not through a wealth tax**, at least not yet. After 42 years in tax, I know:
 - * Wealth taxes are easily avoided, hugely costly to administer, need immense political capital, and would likely raise only around **£10 billion a year**.
 - * We can raise far more, more easily, by fixing the existing system:
 - * Ending **pension tax subsidies for higher-rate taxpayers in the top two income deciles** could raise **£14 billion**.
 - * Charging the equivalent of **National Insurance on investment income** over £5,000 a year could raise **£18 billion**.
 - * Applying **VAT to banking services** (mostly used by the wealthy) could raise **£8 billion**.
 - * The real key is to **close all the loopholes, anomalies, allowances and low tax rates** that currently let the wealthy dodge tax.
 - * Only when that is done should we even consider a wealth tax — and we are **nowhere near that yet**.
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In summary

- * Inequality has grown because wealth is heavily concentrated and protected by systems of extraction, monopolies, and tax privileges.
- * The wealthy pay less tax on their rising wealth than ordinary people pay on their earnings.
- * We can make them pay more by reforming existing taxes:
- * Scrapping pension tax subsidies for the rich, taxing investment income like work, and making banks pay VAT.
- * That's a fairer, simpler way to make the rich contribute, without the pitfalls of a

premature wealth tax.

I look forward to your questions.