

Funding the Future

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Capital might be a hopeful human achievement, but capitalism has captured democracy for the few: a conversation with John Christensen.

<https://www.youtube.com/watch?v=ImtfQBR-hxc&si=dZyPZ-TwDXDCcgYb>

The audio version, for reasons known only to it, is not embedding properly in this post, [but you can get it here](#).

This is TL;DR (Too long; didn't read). As with the summary that follows, this was produced with the assistance of AI, which did a good job of it.

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Capital is not the same as land. Capital is man-made and finite; land and resources are natural and limited. Neoclassical economics blurred the two, with disastrous consequences.

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Power and morality were stripped out of economics when it became mathematical, allowing elites to claim markets were “efficient” while monopolising resources.

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The post-war settlement showed another way. Welfare, infrastructure and equality flourished when democracy constrained capital.

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Neoliberalism reversed this. From Friedman to Thatcher and Reagan, the rules were rewritten to prioritise profit and deregulation.

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Tax havens epitomise capitalism's hypocrisy, undermining markets and fuelling a race to the bottom.

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Today's capitalists don't build; they enclose. Monopoly, branding, patents, and financialisation matter more to them than production.

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The solution lies in governance. Accountability, antitrust, transparency, and alternative models of ownership can restore capital to public purpose.

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Markets are social constructs. They only work with rules and referees — democracy must reclaim that role.

This is the summary of our discussion:

“Capital is the accumulation of past effort for future benefit.

Capitalism is the appropriation of that effort by the few.”

This week I had the pleasure of recording a new kind of conversation for the channel – a dialogue with my old friend John Christensen, co-founder of the Tax Justice Network. For over two decades, we've worked together to expose the realities of tax havens, secrecy jurisdictions, and the abuse of power that flows from concentrated wealth.

Our theme this time was capitalism itself: what it claims, what it really does, and how we might take it back under democratic control. What follows is a summary of the flow of that conversation.

To hear what we actually said, I am afraid you will have to watch the video: 40 minutes is too long to produce as a transcript

1. What is capital, and how is it different from land?

John began by insisting on a distinction economists long ago blurred: the difference between capital – the stock of human-made tools, machines, infrastructure and knowledge – and ***land***, the finite natural resources upon which we all depend.

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Nineteenth-century economics conflated the two, treating land as just another form of

capital.

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Neoclassical economics went further, assuming land to be a free gift of nature, unworthy of inclusion in its mathematical models.

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The result has been the disastrous assumption that natural resources are limitless, enabling capitalism to plunder the earth as if no boundaries exist.

Capital, John argued, is man-made and temporal – it exists only because past human effort has been stored to create potential future benefit. But capitalism has captured that human endeavour for the benefit of a few.

2. What vanished when economics became “mathematical”?

I added that the shift from classical political economy to neoclassical economics involved more than just bad modelling of land. It also meant:

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The disappearance of power from analysis. Classical economists, from Smith to Marx, all understood that power shapes markets.

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Neoclassicals assumed “perfect competition” and “equal access to capital,” an absurd fantasy.

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In reality, good ideas often go unfunded while bad ideas backed by power and privilege secure resources.

The removal of power, morality, and fairness from economics created a world in which the allocation of capital could be justified as “efficient” even when demonstrably destructive.

3. Friedman, Chicago, and the assault on the post-war settlement

John located a decisive turn in the 1950s-60s with Milton Friedman and the Chicago School.

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Friedman insisted the state was an inefficient allocator of capital, ignoring that states had always borne the risks of infrastructure and research.

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His worldview dismantled the post-war settlement - what in France was called les trente glorieuses - which had delivered huge reductions in inequality, massive investment in education, health and housing, and the creation of welfare states.

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Crucially, Friedman conflated **markets** with **capitalism**, assuming they were the same.

But markets long pre-dated capitalism and will long outlive it. Indeed, capitalists often act **against** markets - seeking monopoly, secrecy, and risk-free rent extraction.

4. Tax havens: the aircraft carriers of the assault on democracy

Drawing on our shared work, we noted how tax havens epitomise this contradiction.

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Capitalists demand “free markets” but then create secrecy jurisdictions that destroy transparency, information, and fair competition.

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Offshore secrecy enabled monopoly power, profit-shifting, and a “race to the bottom” on taxation, regulation, and labour rights.

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Far from being efficient, these structures were deliberately designed to undermine democracy.

I have long called tax havens the aircraft carriers of the assault on democracy, projecting corporate power into every jurisdiction on earth.

5. From welfare state to neoliberalism - the return of Beveridge’s giants

John contrasted two eras of capitalism:

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The social democratic settlement (c.1945-1975): democratic states constrained capital, invested in welfare, and brought down Beveridge's "five giants" – want, disease, ignorance, squalor, and idleness.

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The neoliberal turn (Thatcher, Reagan): deregulation, privatisation and tax cuts restored power to capital. The five giants are now back, visible in inequality, insecurity and the hollowing out of social protection.

The 2008 crisis exposed the bankruptcy of Friedman's efficient market hypothesis, yet instead of reform, elites doubled down, turning to populism and authoritarianism to preserve their privileges.

6. Capitalism without production

Another of John's striking insights was how few "capitalists" he met in Jersey or the City of London were interested in genuine productive investment.

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Rather than building new factories or creating new goods, they sought monopolies, real estate, mergers, patents, brands, and rent extraction.

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Adam Smith's "pin factory" would not interest them; they would prefer to brand the pin, patent it, and license its production at monopoly prices.

This "financialised" capitalism no longer rewards enterprise or innovation. It degrades capital itself into an exercise in speculation and enclosure.

7. Governance, accountability and the fight for purpose

Both of us returned repeatedly to the question of governance. Since the 1970s, company law has been rewritten to enshrine profit as the overriding purpose of the corporation, with social and environmental concerns treated as secondary.

We argued instead that:

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Capital is a hopeful construct – the accumulation of past effort for future benefit – but it must be governed in the public interest.

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Capitalism, by contrast, is the capture of that hope by elites.

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Transparency tools such as **country-by-country reporting** (born from our early discussions) are essential to reconnect markets with communities.

Without accountability and governance, capital is abandoned to monopoly power.

8. Solutions: antitrust, democracy, alternatives

So what can be done? John outlined his policy priorities:

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Antitrust and anti-monopoly action, echoing Teddy Roosevelt a century ago.

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Reinvigorating democracy, breaking the grip of capital over media, politicians, and parties.

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Alternative models of ownership – cooperatives, mutuals, and selective renationalisation where natural monopolies exist.

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Challenging concentrated power in finance and technology is the focus of his Balanced Economy Project.

I added that accountability through better accounting remains my focus – ensuring that companies cannot sever the link between themselves, markets, and the communities they serve.

9. Markets are man-made

Our closing reflections returned to the simple but vital truth: markets are social constructs. From biblical times when temples regulated weights and measures, through medieval fairs, to the small market in my own town of Ely today, markets have always required rules, referees and a commitment to fairness.

Capitalism seeks to remove the referee, to deny the role of democracy, and to rewrite the rules in favour of monopolists. That is why it is failing us – stagnating wages, degrading the planet, and eroding democracy itself.

Conclusion

The conversation reaffirmed for both of us that the problem is not capital itself. Capital, rightly governed, is a profoundly hopeful human achievement. The problem is capitalism - the system that concentrates power, captures democracy, and seeks to insulate itself from accountability.

Rebuilding markets in the public interest requires:

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Restoring democratic control.

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Breaking monopoly power.

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Enforcing transparency and fair accounting.

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Reclaiming capital for social purpose.

That is the unfinished business of tax justice, and it is the next great challenge for all who believe in democracy.

Action points

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Reclaim the language of capital. Distinguish between capital (a hopeful stock of human effort) and capitalism (the capture of that stock by elites).

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Challenge monopoly power. Support antitrust and anti-monopoly measures that prevent markets being rigged.

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Strengthen democracy. Push for transparency in lobbying, media ownership, and political funding to break the grip of capital.

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Support alternative ownership. Cooperatives, mutuals and selective renationalisation can align capital with social purpose.

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Back transparency reforms. Campaign for country-by-country reporting and other accounting tools that reconnect corporations to the communities they serve.

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Expose tax havens. Treat secrecy jurisdictions as assaults on democracy and demand international action against them.

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Defend markets, not capitalism. Insist on rules, referees and fairness so markets serve people rather than monopolists.

FAQs - these items referred to in our discussion can be found in the glossary [appended to this blog](#).

Accounting, reporting & corporate structure

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Country-by-country reporting

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Consolidated accounts

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Group accounts

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Corporation tax

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Controlled foreign company (CFC)

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Arm's length method (transfer pricing)

Market power, pricing & competition

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Oligopoly

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Greedflation

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Race to the bottom

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OECD transfer pricing guidelines

Secrecy jurisdictions & tax havens

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Secrecy jurisdiction

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Tax haven

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Secrecy space

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Nowhere (in the secrecy space sense)

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Unregulated market

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Knowingly unregulated

Money, the state & macro frames

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Central bank reserve accounts

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Taxpayers' money

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National debt

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GDP (Gross Domestic Product)

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Open market operations (context for QE/QT)

Economic ideas & ideology

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Neoliberalism

Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [**here**](#).

One word of warning, though: please ensure you have the correct MP.

Comments

When commenting, please take note of this blog's comment policy, [**which is available here**](#). **Contravening this policy will result in comments being deleted before or after initial publication at the editor's sole discretion and without explanation being required or offered.**