

Why taxing idle wealth is the only tax rise Britain nee...

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Rachel Reeves says the UK needs tax rises to balance her budget. That's simply wrong. Tax doesn't fund government spending: spending comes first. Raising taxes now would drain money from an economy already struggling with low demand and weak wages. The only people who should pay more are the idle wealthy, who are those hoarding unproductive wealth in property and shares. Everyone else needs the government to spend, invest, and rebuild the economy. Reeves' plan will do the opposite.

<https://www.youtube.com/watch?v=paqQEAU9Z5A?si=8wWmfk0Tt70of06W>

This is the transcript:

There's a big lie being told by Rachel Reeves, which is that we are going to need tax rises to balance her budget.

We don't need tax increases because they take money out of our economy. And right now the UK needs more money being spent into our economy and not less.

And there's only one exception to that general rule that I've just made, which is that the idle wealthy hoarding cash and assets that do nothing for growth, do need to pay more tax so that their wealth can be redistributed to those who will spend it. But that's it. That's the only tax increase that we need.

So let's just stand back for a moment and consider what the facts are here. Politicians still pretend that tax funds public spending in the UK. It doesn't, and they still pretend that we must balance the books of the government, and we don't need to.

The truth is that government spending always comes before tax, and it has to because

otherwise, where else would the money have come from to enable tax to be paid? Just think about it. If the government didn't make money in the first place, how would there be cash available to pay tax?

And so no sane government would actually believe that tax funds government spending, and yet ours claims to.

And no sane government would also believe it has to balance its books when it knows that it must run a deficit if it is to invest and if it is to fuel growth by spending more into the economy than it takes back by way of tax, because that's the stimulus that is needed to get the outcome that it claims it wants, which is more income this year than there was available last year.

Raising taxes now would just remove the fuel that drives our economy. And yet that's what Rachel Reeves says she wants to do.

Tax rises now could only make things worse. The reality is that ordinary households in the UK are already struggling with real-term pay cuts. Taxing them more would kill demand, and demand is what keeps people in jobs, and austerity thinking, which is associated with tax rises at this moment, would create more self-harm, even if it's dressed up as responsibility.

The exception, as I say, though, is taxing idle wealth. Idle wealth is represented by savings that have not been put to constructive use. It's money saved in stocks and shares, which were bought secondhand because almost no new shares are now issued by companies and therefore, the money that is used to buy stocks and shares these days is simply money stored out of use rather than money used to create new jobs and growth in this economy.

And it's also money used to buy secondhand properties, whether they be business properties or properties that are then let in the buy-to-let market, because that's also about buying secondhand assets and no new real wealth is created as a consequence either.

So, that idle money that represents most of wealth in the UK isn't circulating in our economy. It's stagnant. It's dead. Moribund. Choose whichever word you like. It's nailed to its perch if you are old enough to remember a Monty Python sketch.

The point is, if we had a decent, fair tax system, we would recycle that money from the idle wealth and their savings back into productive use to create investment in our economy. Investment in the things we want, like housing and the defence from floods and all sorts of other things, from green energy generation onwards. And that would, of course, then create wages and public services, which we could enjoy.

So tax rises for everybody but the idle wealth of the country don't make any sense at

all. They just drain money from working people, slowing economic growth. But if we were to tax idle wealth, we would give people more money to spend, and that would fuel demand.

So we must change our ideas on tax. We don't need overall tax rises. We need smarter taxes. Taxes that actually ensure we get what we really want, which is prosperity rather than wealth inequality.

If we did that, we could fund our future and rebuild hope. But at present, Rachel Reeves is planning to do the exact opposite. She's going to leave the wealthy untouched, and she's going to harm ordinary people and their prospects. And the result will be the exact opposite of what she says her goal is. There will be a decline in economic activity in the UK rather than growth, and that really does mark her out as a failure in the making.

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. ChatGPT can get it wrong.

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