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I did this podcast with Xander Elliards of The National on Monday (and I wish they'd told me my lens was dirty: I had no idea as they did all the engineering):

https://www.youtube.com/watch?v=OLcINz_Mztk?si=KjCB_4m8sg5qrWg9

A summary, produced by AI from the video transcript, is as follows.

The discussion began, as these things often do, with the question of how I came to be doing this work. I explained that I never set out to be “Richard Murphy, tax expert.” I started as a student fascinated by the economics of railways — not the train-spotting kind, but the social and economic structures that made the whole system work. That curiosity about how economies function led me to study economics at Southampton, and then to qualify as a chartered accountant because, even as a student, I could tell that much of what was being taught as “economics” was nonsense — the early versions of the neoliberal dogma that still dominates today.

After a period with what is now KPMG, I set up my own practice, also worked as an entrepreneur, and later became a campaigner. Meeting John Christensen in 2002 led to the creation of the Tax Justice Network, and around the same time, Colin Hines and I began developing what became the Green New Deal. Those initiatives, alongside our early report *Tax Us If You Can*, helped shape the OECD’s eventual approach to tackling tax havens and international corporate tax abuse. Ironically, many of the ideas the big accountancy firms dismissed as “impossible” in the early 2000s became global policy by 2015.

That practical political economy — turning ideas into workable systems — eventually took me into academia. I became Professor of Practice in International Political Economy at City University, then led major research projects on tax abuse before moving to Sheffield. I’m now formally retired from both accountancy and university life but still write, make videos, and produce several columns a week. “Retirement,” I told Xander, “looks like eleven hours’ work a day.”

The Green New Deal and its Legacy

The Green New Deal, I reminded Xander, originated before the 2008 crash. Colin Hines brought together a group including Larry Elliott (then economics editor of ***The Guardian***), Caroline Lucas, and several former Friends of the Earth directors. Our 2008 report warned that a financial crisis was imminent and argued that the response had to link economic recovery to environmental transition — investing in green infrastructure, renewable energy, and sustainable employment. Barack Obama picked up the language, though not the substance, and for a time “Green New Deal” became the banner for post-crash reform. Its popularity among younger Democrats in the U.S. shows that the idea still has traction. The tragedy is that, sixteen years on, so little of it has been implemented.

Another Crash in the Making

We turned to the present. I argued that the world is once again on the brink of a financial crash, and that the pattern is familiar: irrational exuberance, speculative euphoria, and the self-deception of investors who always insist “this time is different.” In 1987 it was leveraged trading; in 2000, the dot-com boom; in 2008, mortgage-backed securities. Now it is artificial intelligence.

AI is undoubtedly useful — I use ChatGPT myself to clean up typos and prepare slides — but the notion that it will generate limitless profits is fantasy. Companies have yet to show any sustainable business model other than mass redundancies, which simply reduce spending power and deepen recessionary risk. Trillions are being invested in a technology whose real return is uncertain, and history tells us that bubbles built on over-optimism eventually burst. When they do, hedge funds and private-equity vehicles collapse, banks are exposed, and governments are forced once again to bail out the system. Unless we change the rules, the same cycle will repeat — but the bankers will walk away unscathed, again.

Scotland, I suggested, could design an alternative if it becomes independent: a Scottish Reserve Bank with structures that prevent contagion from speculative global finance. The current UK system, by contrast, guarantees that any crisis leads to yet another round of taxpayer-funded rescues. Even the Bank of England and the ***Financial Times*** now admit that a correction is coming. The only uncertainty is timing.

The Coming Budget and the Folly of “No Tax Rises”

We then discussed the forthcoming UK budget. I described Labour’s manifesto promise — no rises in income tax, national insurance, or VAT — as “completely stupid.” No responsible government should lock itself into fiscal promises when the future is unpredictable. More foolish still, I said, is to contemplate raising those same taxes now. They all fall most heavily on ordinary working households whose spending sustains the economy. To raise them in a slowdown would be self-defeating.

If Rachel Reeves wants fiscal credibility, she should tax wealth, not work. My ***Taxing Wealth Report 2024*** outlines over thirty reforms, collectively capable of raising around £90 billion a year. The UK's inequality problem is not one of insufficient tax revenue but of who pays. Ordinary people are over-taxed and over-charged; the wealthy are under-taxed and undertaxed in multiple dimensions — income from capital, gains, inheritance, and financial transactions.

Against a Traditional Wealth Tax

Xander noted that I have opposed the crude form of wealth tax proposed by some Greens, and asked why. My answer was simple: valuation. A wealth tax sounds appealing until you try to apply it. How do you value land that hasn't changed hands for centuries, or artwork whose worth depends on fashion and taste? You also end up auditing large numbers of people just to confirm that they ***don't*** meet the threshold. The compliance costs would be immense.

There are simpler, faster, and fairer ways to tax the wealthy:

*
Equalise capital gains tax with income tax — worth £12 billion a year.

*
Apply VAT to financial services, overwhelmingly consumed by the rich, worth another £8 billion.

*
Introduce an investment income surcharge of about 15 per cent on dividends, rents, and interest, raising roughly £18 billion.

These are technical but straightforward changes that could be legislated in months, not years. They target unearned income rather than work, and they close loopholes rather than inventing new bureaucracies. Only after exhausting these "low-hanging fruit" should we even consider a formal wealth tax.

Scotland, Devolution and the Tax Trap

The conversation turned north again. Reports from the Fraser of Allander Institute claim that if Reeves increases the UK basic rate of income tax by 2 pence, Scotland's budget would ***fall*** by around £1 billion because of the complex fiscal formulae linking devolved and reserved powers. Xander asked why. My answer was blunt: nobody really knows, including the Institute. Forecasting models are poor, and the current system is illogical.

Scotland can vary income tax but not capital gains, savings, or corporation tax rates. That asymmetry leaves it half-armed: it can't shift the burden from work to wealth even if it wants to. The result is a fiscal trap that discourages progressive reform and leaves Holyrood constantly second-guessing Westminster. I suggested that Fraser of Allander's pessimism reflects its own opposition to independence more than economic inevitability.

But I also warned that the SNP has not helped itself. John Swinney's call for "higher English taxes" to fund services may have been politically naïve, because it reinforces the Treasury framing that tax is about funding, not about managing demand and fairness. Like Reeves, he and his advisers still think in conventional Treasury terms — most of them trained within the same system. What Scotland, and the UK as a whole, needs is macroeconomic literacy: understanding that growth and stability come from supporting spending at the base, not tightening belts at the top.

Tax, Growth and the Real Economy

Both governments claim to want growth. Yet, as I said in the podcast, growth depends on spending power. The wealthy save their surpluses; that is what makes them wealthy. Those on low and middle incomes spend virtually all they earn, driving demand and employment. Taxing the rich more does not slow growth; it rebalances the economy. Cutting taxes for the poor expands it. The belief that the wealthy are "wealth-creators" while workers are a cost is the central fallacy of neoliberalism — and both Labour and the SNP still act as if it were true.

The Deeper Problem: "There Is No Alternative"

In closing, I reminded listeners that our political stagnation has deep roots. Margaret Thatcher's most corrosive legacy was not privatisation or deregulation, but the phrase "There is no alternative." It embedded intellectual defeatism into government. Every major party still operates within that frame, convinced that all we can do is tinker with tax bands and fiscal rules. Meanwhile, public services crumble, inequality widens, and democracy itself decays.

There ***is*** an alternative — a politics of care, a tax system that rewards work and responsibility, an economic strategy that measures success by well-being rather than stock-market euphoria. The tragedy is that the people advising those in power still can't see it. Until they do, both Westminster and Holyrood will keep repeating the same mistakes, and voters — disillusioned and angry — will continue looking for answers in all the wrong places.

That, in essence, was the conversation. The full recording is available above, but the core message bears repeating: we can design a better economy. We

simply have to stop pretending that the one we have is inevitable.

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