

Why inheritance tax proves Britain is grotesquely unequ...

Published: May 17, 2026, 6:02 am

The Financial Times has published remarkable data on inheritance tax in the UK. Just five London parliamentary constituencies paid more inheritance tax than the whole of Scotland and Wales combined. Ten London seats paid more than the entire north of England over five years.

But the FT then drew the wrong conclusion.

This video explains why the real story is not that Britain depends on wealthy Londoners to fund the state. A currency-issuing government does not depend on the rich for money. Instead, the data reveals something much bigger and more important, which is the catastrophic consequences of the concentration of wealth in London and the long-term failure of UK regional economic policy.

I explain what tax is actually for, why inheritance tax is meant to redistribute wealth, and why the UK economy has become so distorted that entire regions have been systematically left behind.

This is a story about inequality, financial power, failed neoliberal economics and the political choices that created modern Britain.

The real question is not whether the government can afford to, or should, tax wealth. It is about why wealth has been allowed to become so concentrated in the first place.

If you want to understand inheritance tax, inequality, the role of the Financial Times in the wealth tax debate, and why Britain's economy increasingly works only for a wealthy minority, this video explains the bigger picture.

<https://www.youtube.com/watch?v=prkd9jasPYs?si=HZbKvN1H4ljtYxbC>

This is the audio version:

https://www.podbean.com/player-v2/?i=wry6a-1ac6ad6-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

The Financial Times recently published some quite remarkable data on inheritance tax and then drew entirely the wrong conclusions from it.

What they found was that in just five London parliamentary constituencies, more inheritance tax was paid than in the whole of Scotland and Wales combined.

When they added together the inheritance tax paid in 10 London constituencies, they found that more inheritance tax was paid there than in the entire north of England over five years.

Now, this is genuinely important data about the state of Britain. Don't get me wrong, I think that what the FT has found is important, but the FT's analysis of what this means is not just wrong, it is predictably wrong. Their framing serves a particular ideological interest, and that is what this video is all about.

The FT's central claim is that this shows that the UK Treasury depends on wealthy Londoners for its revenue. The whole focus of the article is that the government is financially dependent upon the wealthy people of the southeast of England. The implication is that ministers must tread carefully around those wealthy people or lose the revenue they provide, which, they say, will restrict the role of government in society. This framing treats wealthy Londoners as essential funders of the state. This is the household analogy, dressed up as fiscal analysis.

A currency-issuing government does not depend on anyone for money. It creates all the money it requires when it spends, and the FT is ignoring that fact. This is not a neutral error. It is a recurring political claim. The idea that government depends on wealthy people is repeated constantly in the elite financial media, and there is nothing more elite in the financial media than the Financial Times.

It serves to position the wealthy as indispensable and any taxation of them as reckless.

It treats wealth concentration as a natural condition rather than a policy outcome, and it consistently obscures what tax is actually for and how government finance actually works.

We should be clear that this is an ideological position on the part of the FT. It is not about economics, and let's just stand back for a moment and consider what tax really is for.

Tax has, and let's be clear about this, six distinct purposes within our economy and raising revenue to fund government spending is not one of them. Government spending is financed by the Bank of England, which creates money on the government's behalf every time it receives an instruction from a government department to make a payment in fulfilment of the government's approved budget. That is how money is created in the UK. That is how the government is funded, and as a consequence, the government creates new money every day.

Tax exists to control inflation by withdrawing spending power from the economy. Tax is just a debt created by law, by the government, which it has the power to collect with menaces if necessary, from the people who owe it inside the UK economy, and the reason why that debt has to be paid is to withdraw spending power from the economy which you would otherwise have, which has been created by the government by its money creation process through the Bank of England. That is the primary purpose of taxation.

But let's also be clear, tax, in the process, makes the UK's currency, the pound, valuable by creating demand for those pounds to pay the tax bills. So we do use the pound because we have to pay our tax in it.

Tax also corrects for market failures, and we can see that when we come to things like tobacco, alcohol, and carbon pricing.

Meanwhile, tax is key to government fiscal policy. The difference between the amount that the government spends into the economy and the amount that it takes out of the economy does result in fiscal stimulus or fiscal suppression, and therefore, tax is a key government policy instrument. The same process can also be used to encourage some types of business activity and to suppress others.

Meanwhile, tax redistributes wealth and income to build a fairer and more equal society, and that is important because there's lots of evidence that the sixth purpose of tax is to build a relationship between us as voters and the government, as the people who are delivering those processes of justice on our behalf.

In this context, inheritance tax is just a redistributive tool and not primarily a revenue measure. It exists because dynastic wealth compounds across generations and entrenches inequality. It is designed to prevent life chances from being determined solely by accidents of birth, and the FT's revenue framing therefore misses the entire point of this tax. The question is not how much it raises, but whether it is achieving genuine redistribution as a consequence of its existence. On that measure, and by looking at this data, it is clearly not doing nearly enough to achieve that goal.

The FT is asking all the wrong questions, whether deliberately or otherwise. It is asking whether the Treasury can afford to upset wealthy Londoners. That framing positions the wealthy as holding the state to ransom. The right question is: why is UK wealth so grotesquely concentrated in a handful of postcodes, mainly in London?

Their suggestion that five London constituencies can out-pay two entire nations within our union when it comes to inheritance tax shows that we have a massive problem of inequality. This, then, is not just a question about Treasury vulnerability as the FT would frame it. It is a question about the catastrophic, sustained policy failure that has resulted in this gross inequality.

This data reveals the consequences of a failed regional economic policy. The North, Scotland, Wales and the Midlands are not poor because of any lack of talent or effort. Anybody who says they are has got all of that wrong. They were once the powerhouses of the UK economy. They could be, again. They are asset-poor, not because they lack talent, but because government after government after government made choices that concentrated wealth in London.

Housing inflation has been greatest there. Financial sector dominance has been concentrated there, and infrastructure investment has also entirely favoured the southeast of England. Just look at things like the Elizabeth line, when there has been no equivalent outside London of any sort whatsoever.

Productive investment, manufacturing and public services have all been systematically neglected outside London, and the inheritance tax map is the most visible system of that failure. It is not a matter of fiscal management that we are worried about. It is the fact that these regions do not have the wealth that they should enjoy, and the threat that the wealthy will leave is being used by the FT to try to close down every debate on wealth taxation. That is wrong.

The FT's claim that tax increases will drive away investors is completely nonsensical. That threat is used every time there is a discussion of wealth taxation, and the FT is amplifying it without serious scrutiny of the evidence. The empirical case for large-scale wealth-driven tax exodus is consistently very weak. It simply doesn't happen. Repeating an unexamined threat is not analysis. It is lobbying on behalf of the wealthy, and the scale of wealth concentration in this data demands much more ambition in response.

The Office for Budget Responsibility is projecting that inheritance tax receipts will reach £12.6 billion by 2029, and that might sound significant, but look at that in the context of total UK financial wealth, and that is around £12 trillion at least, and maybe we are seeing something which is actually a measure of failure.

We collect just one-thousandth of UK financial wealth in inheritance tax payments each year, and that is an indication that all inheritance tax does in its current form is nibble

at the edges of dynastic wealth rather than challenge it.

High thresholds, generous exemptions and structural loopholes all limit its redistributive reach, and the likes of Reform are only out there trying to reinforce these weaknesses in that system because they, too, act on behalf of the wealthy. If we are serious about redistribution, the entire structure needs to be rethought.

The real answer to regional inequality is sustained public investment right across the whole country. The regions left behind need substantial and long-term investment and not marginal tax adjustments. Investment in infrastructure, housing, skills, energy and public services must be geographically rebalanced, and a currency-issuing government that has the monetary capacity to make these investments should do them.

Although more inheritance tax might be needed to recover the sums in question, the primary reason for raising inheritance tax charges is to redress inequality. The choice is political and not about money, and in that context, the FT's framing actively obscures that fact.

In summary, this data should prompt hard questions, none of which the FT thinks to ask.

- * Why has UK economic policy produced such extreme regional concentrations of wealth?
- * Who has benefited from the policy choices that created and sustained those disparities?
- * Is inheritance tax, as currently structured, able to deliver genuine redistribution, or is it merely a gesture?
- * What level of rebalancing of investment would it actually take to rebuild regional economies?
- * Why are we treating regional inequality as a fiscal risk rather than as a democratic emergency?

These are the questions we should be asking, and the story in this data is all about gross inequality, and the FT has made it about something else entirely.

FT did find important data, but it then buried it under its ideological framing, which it has chosen to adopt. The story is not about the fact that the Treasury is hostage to wealthy Southeast homeowners. The story is that UK policy has been built on an economy that only works for some in London.

Inheritance tax in its current form is far too weak to seriously challenge that concentration of wealth from which we are suffering, and the question is whether the government has the political will to act and whether the FT will ever talk about the need

to do so.

That's my opinion. What's yours? There's a poll down below. Please let us have your comments. Please do share this video. Please like this video if that's what you do, and if you're so inclined and would like to make a donation to support our work, we'd be very grateful.

Poll

[poll id="399"]