

## Wealth is not the biggest problem we face: inequality o...

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I spent years of my career worrying about inequality and wealth, and I still do. I remain concerned about tax abuse, secrecy, and the toxic consequences of the denial of resources to those who need them, which many of those with wealth deliberately promote, claiming that this is the natural consequence of people's relative worth, when that measure of worth is just the outcome of an economic hierarchy of definition that they have constructed.

Exposure to wealth did, however, lead me to several conclusions.

The first is that wealth is just a measure. It is an entry in a ledger. It is an estimate. Most of the time, it does not represent money or nearly as much spending power as the figures imply. It is the consequence of another of those hierarchies of definition, in this case, those that have been fabricated by accounting at the behest of those that profession thinks it serves.

The second, which flows naturally from the first, because that first conclusion shows that much of what we call wealth is in fact more akin to myth than it is to fact, is that power is the real problem that we face when we talk about those with wealth, or rather, the abuse of power is the issue.

There is good reason for distinguishing wealth and power, although they are obviously related. That is because it is entirely possible for wealth to be used benignly. As an obvious example, the nineteenth and twentieth-century Quaker families that controlled some of the UK's very largest companies, including the Cadburys, the Rowntrees, the Frys, the Clark family of eponymous shoe fame, the Barclays, and many others commonly associated with some major railway companies, all appeared to achieve this goal. They were, in general, good employers. They used their wealth for social purposes when they controlled these companies. The legacy of their approach to wealth is still to be found in some of the charitable foundations that they created, many of which I have had dealings with, and all of which appear to be motivated by genuine concern for the common good. Wealth can, then, be benign.

But sometimes it isn't. We know that too. That can even be seen in the charitable foundation world. I have noted here of late the destructive influence, as I see it, of the Rockefeller Foundation on both medicine and education, rooted in an ideology created in the early twentieth century that sought to concentrate power in the hands of an elite, which Rockefeller thought had the right to set the terms of governance for society, and which deliberately tried to deny opportunity to those of differing views or backgrounds. There have been other foundations with not dissimilar roots, mainly, but not exclusively, based in the USA, where, over my career, I can say I have had similar concerns, and where their involvement has rarely delivered beneficial outcomes.

And then there is the Tony Blair Institute, of which I need say little more, except to suggest that it is true to Rockefeller and the logic that his foundation embraced. Blair and his backers embrace the idea that society should be divided, that those with wealth should have power, and that others should be left to do what is required of them.

This is when wealth and the power it delivers become toxic. And we saw the consequence of that in Northern Ireland last night. Elon Musk, who appears to fund the activities of Stephen Yaxley-Lennon and his toxic branch of far-right politics, intervened following a terrible attack in Northern Ireland, claiming that this was racially motivated when at present there is no evidence of that, and by so-doing fuelled stresses within a society where political extremists have often resorted to violence. There was trouble on the streets, as Musk appeared to demand, the result of which must be a spreading fear in the migrant population in Northern Ireland, many of whom serve the community through its NHS.

As a reporter from the Belfast Telegraph said last night when interviewed by Alex Thomson on Channel 4 News, (and I stress that I am quoting from memory), "There is no situation in which Elon Musk gets involved which is the better for it."

She was right. Elon Musk, more than anyone, now typifies toxic power. Supposedly, the world's richest man, if you believe the myths of accounting, he is using the resulting influence to breed fear, violence, division, mistrust, and destruction within our societies in a way that he must know can only result in genuine harm arising and the destruction of well-being.

Trump, of course, shares this characteristic. The House passed legislation to approve his \$70 billion migrant expulsion programme in the USA yesterday. At the same time, he was nominating his former personal lawyer to be Attorney General, and what that lawyer has persistently demonstrated is his contempt for the law unless it serves the purposes of Donald Trump. This, too, is power turned toxic.

Throw into this whole scenario the fact that there is an ongoing war in the Gulf promoted by Benjamin Netanyahu, in which Trump is now a continuing, but seemingly reluctant, participant, apparently unaware of how he can exit a situation that he clearly regrets creating, and it is apparent that toxic power of the sort that Netanyahu has

created by capturing a state, in the same way as Putin has, is having devastating consequences for the world.

These events, and others, leave me muted, deflated, and dispirited this morning. I am lucky enough, as far as I know, not to suffer depression, but I can certainly get knocked down by events, and those becoming apparent at this moment are doing just that. And why not? Why shouldn't the naked abuse of power affect me? In fact, if you're not affected by it, why not?

The point I make, however, is that it is not wealth per se that is the problem that we face. I undoubtedly agree that the wealth of the top 0.1% in the world is out of control and needs measures to manage it, including effective taxation, governance, and accountability, when at present so much of it appears to be beyond the reach of any of these underpinnings of a successful society. But the threat that it poses is not created by its existence, but by the abuse of power that it enables.

Wealth, I reiterate, can be benign, even if it appears that so much of it has the propensity to turn toxic. But it is that toxicity that represents its real threat. Wealth can be used for the common good, but it would now rarely seem that the capture of power by wealth has this benign outcome.

So, what does that mean? My suggestion is that a fixation with the taxation of wealth alone is not going to solve the problems that toxic wealth is creating within our society. That is, firstly, because much of this wealth is, as I note, the creation of accounting and economic conventions that attach dramatic numbers to it, but which do not result in the creation of capacity for redistribution, as many would seem to desire.

For example, Thomas Piketty's new report on global justice suggests that there should be a 20% global wealth tax on top of a 90% income tax. If this were to be applied to Elon Musk, who has wealth that must now be approaching \$2 trillion or more, the tax demand might be \$400 billion a year. But SpaceX only has total revenues of \$18 billion a year and has yet to make a profit. The capacity to pay this tax, which Piketty and his colleagues appear to think exists, is not there.

You can seek to redistribute the supposedly fantastic numbers attached to wealth if you wish, but nobody can live off the resulting redistributed accounting myths when they are nothing more than a set of numbers created by what might be fairly described as false measures. In other words, tackling a great deal of wealth will not solve the problems that the wealth in question creates through inequality, and it is, then, power that is the issue requiring attention.

I would tax the income and gains from wealth at much higher levels than are now charged, and explained how in the [Taxing Wealth Report](#), which was a deliberate and pragmatic approach to this issue that could raise more revenue capable of redistribution than anything that those who promote wealth taxes can dream of. But,

much as I believe in those measures, if relative power is left with the wealthy, this taxation solves little or nothing because the wealthy would still be left with the opportunity to influence outcomes in our society in ways that are deeply toxic, as Elon Musk is doing.

What do we need then?

We start with demands for transparency, accountability, and governance, and we apply this right across the financial sector, where at present most of these characteristics are notably absent, with this being most apparent when providing information to people with average levels of wealth, who are usually kept in the dark about what is going on in the world around them.

Secondly, we need to come up with measures that challenge these hierarchies of power by reinforcing our democracy. That is why we need proportional representation. That is why we need to prevent politics being influenced by donations. That is why the power of think tanks needs to be controlled, and their funding transparency and accountability need to be clear. All of this is because we need to put people back in charge.

Thirdly, perhaps we need to think beyond taxation. Much as I am a fan of taxation, and I am, because it is the single most powerful instrument available to a benign government to shape the society for which it is responsible, maybe we need to go further. Instead of proposing unworkable taxes, which it seems to me many of those promoting wealth taxation are doing, we need to create taxation systems where liabilities can be settled through the diminution of power.

This means making payment by transfer of ownership. So, if you want to apply a 20% wealth tax on Elon Musk, don't ask him to pay it. Simply ask him to transfer his shares. You don't even need to go through the process of proving value in that case. All you need to do is transfer ownership, although that isn't always easy.

Then place those assets in genuinely accountable funds. These funds may not have money right now because SpaceX hasn't, but if markets are right, they have the potential for future income streams. We have to live with the fact that this is the best we can get our hands on.

And, in the case of those private corporations that have ceased to be microeconomic entities because their actions have macroeconomic consequences, we need to change the power structure of the corporation. Companies were not created to be our masters. Society permitted the creation of limited liability entities to enable the pooling of communal capital for communal benefit. Primarily, in the mid-nineteenth century UK, which pioneered this development, they were created above all else to deliver the railway revolution by creating infrastructure for our society.

We have lost sight of that. We now let the corporation be used to enclose private

wealth for the gain of an individual. The SpaceX share structure is the perfect example of that. All the power of the company remains with Musk. And, in a world genuinely interested in the well-being of all, that would not be permitted. Constraints on the influence of any one person over a company of significance should be created and enforced.

This is how we challenge power. Tax is important, but it is not enough. We have to go much further. If, as the US Constitution says, all people are born equal, we must treat them as such, never treat the corporation as superior, and never let it be used to create that superiority. Power has overreached itself, and that overreach is the problem that we now face.

We saw that in the streets of Northern Ireland last night.

Now we need to do something about it.