

How to find £100 billion

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How could Britain find more than £100 billion a year to rebuild its economy? The surprising answer is that the money already exists. We just need to change how our savings are used.

The UK has more than £12 trillion of financial wealth, yet we have one of the worst investment records in the developed world. Our financial system rewards speculation, asset ownership and financial extraction instead of investment in the things we actually need.

In this video, I explain how reforms to pensions and ISAs, based on my Taxing Wealth Report 2024, could transform that situation.

The government provides more than £90 billion a year in tax advantages for savings, but does almost nothing to ensure those savings benefit the wider economy.

I propose changing that.

Green ISAs, which would replace all existing arrangements, could help fund housing, renewable energy, transport and essential infrastructure.

Pension funds could be required to direct 25% of new contributions towards productive investment.

Together, these reforms could release well over £100 billion annually for investment, potentially approaching £150 billion, depending on the rules adopted.

This is not about taking people's savings away. It is about ensuring that tax-supported savings help create the prosperity on which our futures depend.

Britain does not lack money. It lacks the political will to use its financial resources effectively.

Please watch my previous video on why [Britain is poorer than it should be](#), and then

watch this video for the answer. We could be richer. We just have to change our savings system.

<https://www.youtube.com/watch?v=W7Y61uAZPVM?si=nigEYOSG4Hd3G7oO>

This is the audio version:

https://www.podbean.com/player-v2/?i=scxpw-1b8cbac-pb&from=pb6admin&share=1&download=1&rtl=0&font=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

I made a video yesterday about why we, as a country, are poorer than we should be. And I argued that the reason is that we underinvest in the UK, and have done so for decades. We have the worst investment record of any country in the G7, and unsurprisingly, we are lagging behind them as a consequence when it comes to incomes.

So now I want to ask another question, and that is: how could Britain find more than £100 billion a year to fund the investment it needs in its future? That is the big question I need to ask, and it's entirely possible for us to do so because the fact is we have enormous financial wealth in the UK. The UK has total financial wealth of more than £12 trillion, or £12,000 billion in all.

What we have failed to do is use that wealth to create the prosperity we need, and in my Taxing Wealth Report, which I published in 2024, I explained how we could change that. My proposals made then, but which have been updated for the sake of this video, could release well over £100 billion a year for new investment in the UK economy. There would be no cost to the government as such, because it would be private money that would be redirected for public gain, and that money is already being saved. It's just about changing our financial services system. We need to put money to use where it is needed. That's what my proposal does.

The problem that we have in the UK is that not only do we have an extractive financial system, we don't use our savings well. The extractive financial system rewards excessive interest payments, excessive dividends, capital gains, rents, and other forms

of extraction, like monopoly profit. But the savings system doesn't work because it doesn't put the money that people like you and me put aside for our own futures, and quite rationally, we want to.

We'll have short-term savings objectives: that might be for your children, that might be for the holiday of a lifetime, that might be for the proverbial rainy day. You'll have long-term saving objectives. That's your pension in most cases. And the government provides us with generous incentives in the form of tax relief to encourage us to make these savings. But they don't then require that the money that is put aside be used for the creation of new productive assets that will be used in our economy to create new assets, new jobs, new wealth, and new prosperity.

Instead, most of that money is used to buy existing shares, bonds, and other forms of financial assets. In other words, it becomes part of the whole economy of extraction. Your savings are, unfortunately, and you've had very little choice about this, part of the problem we have to solve when it comes to creating future prosperity in the UK.

Those transactions which are taking place now with regard to your savings might benefit the pension funds and others who are trying to claim that they are acting on your behalf. But in reality, they're creating no new investment in the UK economy at all, and the government is subsidising financial wealth without requiring it to do anything of use. That is what needs to change.

And the scale of government support for savings is quite extraordinary. Pension tax relief costs the government more than £80 billion a year now. We have data from the government to show that. This is made up of income tax reliefs, National Insurance reliefs, corporation tax relief, and reliefs within the pension funds themselves. And that cost comes from a reduced tax take as a consequence of the savings that the government provides to those who can afford to contribute to their pension funds. And those who contribute most are, of course, those with the greatest wealth in the UK. This is a heavily skewed tax relief that benefits the wealthiest most.

At the same time, the government also provides significant tax advantages for those who can save additional funds through their ISA or Individual Savings Accounts that they can put money into each year, to agreed government limits, which are way above anything that a normal person could ever save each year.

The cost of those subsidies is more than £10 billion a year. So we spend more than £90 billion subsidising savings. But what do we get in return for this spend, which is way above, for example, the defence budget of the UK?

At present, there is nothing that guarantees that the country gets any return in the form of new investment from all this money that is saved by people like you and like me. And that's absurd when we desperately need new housing, renewable energy, transport, and public infrastructure.

So my proposal is simple. My argument is that if the government provides tax incentives for savings, those savings should be required to help deliver the investment that society needs. Those savings should, in other words, become the capital funds that are required to invest in our future. We stop considering them to be dormant money or money used purely for the purposes of secondhand asset exploitation, and instead use them as the capital investment into the new projects that we require.

And let's just talk this through. When I prepared my Taxing Wealth Report, I looked at ISA data, and at that time, more than £70 billion a year was being saved in ISA accounts. Now I admit some of that was money that was recycled out of old ISA accounts into new ISA accounts. But nonetheless, £70 billion was going into new accounts every year, more than half of which was new money.

Now that figure has grown enormously. Last year it was £135 billion that went into ISA accounts, and more than £95 billion of that was being held in bank accounts which were otherwise dormant, and which created no new investment in the UK economy at all. Banks don't even lend this money out because they can't, as modern monetary theory shows.

And so I made a suggestion. I said that instead of this money being put aside into these utterly useless savings mediums, they should instead be used as the capital to be invested in what I call Green ISAs, because I wanted them to be used to fund the creation of the new public sector investments that we require to deliver the infrastructure that we now need to manage our climate transition, the biggest challenge of all that we face.

And this would result in new energy infrastructure, transport infrastructure, housing, and so much more. We need flood defences. We need to talk about everything that makes us sustainable because without that, we haven't got a country to talk about. And people would still own their savings and receive investment returns, and indeed, I suggested that the government might guarantee these, probably at around the Bank of England base rate.

And that would be the bargain they would make with the government. They would put their money into an account, which would be used as effectively the capital for a national investment fund, but the government would give them tax relief on the income they earned as a consequence and would even guarantee that they would get that income.

We would create a new national wealth fund from our own savings for our own benefit. And this one change could now by itself easily produce more than £100 billion of funds for productive investment in the UK economy every year, depending upon the detailed rules adopted.

It's that straightforward. The money could be found. There would be no changes

required to the way in which the government spends. The money to be used to fund these investments would come from existing savings. You would know that your savings were being put to use for the benefit of your community, and that's critical to me.

I'd suggest you should even have the chance to nominate that the funds be used in your community by asking for the funds to be allocated to the area where you live, or the cause about which you are concerned. You could, for example, ask for an East Anglian fund, or a health fund, or whatever else.

And my second proposal concerned pensions. Pension funds control an enormous proportion of Britain's financial wealth. Latest data suggests that £166 billion was saved in them in 2025. But they're not required to invest that money in creating new productive assets in the UK, any more than ISAs are. I proposed that, as a consequence, and as a condition of receiving pension tax relief, 25% of all new pension contributions should be required to be saved in qualifying financial investments.

What are they? The types of bonds I've just described, of course. They could be used for this purpose just as much as they could be for ISAs. But the money could also be used to fund a national investment bank. And I'm not being small-minded here. They could also be used for qualifying private sector projects. But the private sector projects in question should create new investment in the UK economy that results in new jobs and new economic prospects.

The remaining 75% of pension contributions, I suggested, could be saved in any way the pension fund desired. It could still be used for extraction as it is now. And I also said that no existing pension savings would be affected. This would only apply to new savings. And in that case, this reform could release at least another £40 billion or more a year of funds for investment.

So I'm talking about finding well over £100 billion a year for investment. It could be approaching £150 billion if we made the rules in the way I suggest.

But the obvious question to ask is whether people would stop saving if these rules changed. I do not think they would. Let's be clear. I'm absolutely certain they would not. The evidence I discovered when I researched my Taxing Wealth Report was that around 85% of all UK financial assets are already held in tax-incentivised savings arrangements. ISAs, pension funds, venture capital trusts, but we could even extend this, by the way, to our houses, because they are also tax-incentivised savings arrangements because there's no capital gains charge on them.

Either way, the figure remains over 80%, and that is an extraordinary proportion, but it makes clear that people value the tax saving as much as they do the potential return. In fact, they see the tax saving as an immediate benefit. They do not understand the future potential return, and so I believe they will carry on saving in these arrangements

just as they are now, and they will take potluck on whether the government does deliver the returns they want, as frankly they do already with whoever they entrust their funds to at present.

I would not then expect to see any significant change in the amount of money going into ISAs or pensions as a consequence of what I'm saying. The flow of money into these arrangements would continue, and what would change is how the money saved was then invested instead of being used uselessly inside the financial services economy that we now have.

But I want to make an important distinction here. As many people who watch this channel know, the UK government does not need to collect savings before it can spend. For example, government bonds do not fund government spending. The government creates money when it spends, as modern monetary theory explains.

So why am I suggesting this idea now? Well, there are a number of reasons why I want to do so. First of all, I am not talking now about additional government expenditure. I'm talking about using savings as the capital for a new investment fund, which would create the investment that we require. That's something quite different from saying the government is going to spend this money. Instead, I'm looking at this fund as if it is akin to a publicly owned investment arrangement, which people can put their money into, and which the investment fund uses to then invest in the UK economy.

This is something quite different. I need to make that distinction. People need to understand what the distinction is. What I'm trying to do is something that has been forgotten about for a long time. I want to reconnect savings and investment, and that's critical. For decades, people in this country have saved, but no investment has resulted. Companies have borrowed to create investments, but there was no connection with the savings industry in that process.

What I now want to do is something that people like Lord Keynes talked about in the 1930s when they were discussing the UK economy, and that is the connection between savings and investment. It's entirely possible to reconnect these things. That is the new financial arrangement that I am seeking to put in place. Savings could be capital to fund the rebuilding of this country.

And what could we do with £100 billion or more of additional investment each year?

We could build the social housing that Britain desperately needs.

We could transform our energy system and reduce our dependence on fossil fuels.

We could modernise transport, water infrastructure, and other essential public services.

We could provide finance for businesses willing to invest in new productive capacity.

And we could fund the education, training, and infrastructure needed to support these changes.

All of these will create employment, increase productivity, and improve our living standards. We would no longer be poor, and we would create assets at the same time that would benefit future generations. They would live to thank us. This is what genuine wealth creation looks like.

The conclusion is that Britain does not lack the financial means to transform its economy. What we lack is the mechanism to put our financial resources to use within our economy to create the wealth we require for our future prosperity. By reforming ISAs and pensions, we could release well over £100 billion a year for that productive investment, depending upon the detailed rules adopted, and I doubt we have the capacity to spend more than £100 billion a year at present in any case.

And because tax-incentivised savings are so deeply embedded into the psyche of our economy, I would expect these savings to continue. We could then turn financial wealth into real prosperity. We could reverse decades of underinvestment, and I stress the money we need to do this is already there. It's in existence. It belongs to you. Some of it belongs to me because I do have savings, as many people of my age do, and the question is whether we have a government willing to make these funds work for us.

I believe we should have such a government. But what do you think? There's a poll down below. Let us have your opinions. Please like and share this video. Please look at the previous one because this is one of a pair of videos. In that context, also look at the playlists we have down below because they provide further information on the topics of this sort that we talk about on this channel. Please do, as a result, if you like what we're doing, subscribe to the channel, hit that bell button, and if you'd like to support our work by making a donation, there's a Ko-fi or coffee button down below, and you can hit that and have the opportunity to buy us another one of these.

Poll

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