

A Smaller State, a Graduated Flat Tax and a Ten-Year Path

A companion paper to A Policy on the Policies (proposals P17–P25) · Final (second edition) · 22 November 2026

It builds on Restore Britain's policies, viewing them through a systems lens to strengthen the links between them and fill the gaps.

'British Government Budgets Are No Longer Opportunistic Looks into the Future; They Are Simply Autopsies of Past Mistakes.'

— Stuart M. Williams

The core problem. In my view this is one of the biggest mistakes all governments make, including US states. They do not use a systems lens to look at how policies act and react with each other, or whether they create new vital intersections, or strengthen or weaken existing ones. Most policies are reactionary: they may work for one segment or sector of society while destroying another. A Policy on the Policies exists to fix that. The nodes (borders, tax, welfare, energy, education) matter less than the connections between them, and the Systemic Friction Score (SFS) is the measure of the friction those broken connections create. Every proposal in this paper is therefore stated with the intersections it creates or strengthens. (Stuart M. Williams)

A shared, time-limited effort. British people know how to sacrifice, and most would, if it meant a better Britain for their children and grandchildren. What follows asks for a ten-year effort, but it puts the burden first where it belongs: on waste, on foreign aid, on support for people with no right to be here, and on bureaucracy. Pensioners, who have carried more than their share, are protected. (Stuart M. Williams)

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Summary on one page

- **The path.** Spending is **45.6% of GDP (£1,449bn) in 2026-27** (OBR). Over two Parliaments it falls to **30.4% by 2036-37 at 2.75% real growth**, or **33.6% at 1.5%**. Parliament 1 removes about **£155bn a year** (2026-27 prices): aid, asylum support, a 25% smaller civil service, then Restore's welfare, QUANGO and Net Zero savings. Parliament 2 freezes all other spending in cash terms and lets growth do the rest. **The deficit (4.2% of GDP) closes by 2028-29 (high case) or 2029-30 (low case)**; debt falls from 97% to about 61–70% of GDP.
- **Zero net migration.** The path uses the ONS zero-net-migration projection for Great Britain: population about 67.35m to 66.40m by 2036, people of pension age +1.8m. All growth comes from productivity and participation. The OBR judges that lower migration changes GDP but not GDP per person.
- **Pensioners are protected.** The state pension rises by the triple lock and pension-age numbers grow, so pension spending goes from about £170bn to £278–314bn. That is inside the totals above. The 2026-27 full new state pension (£12,547.60) sits £22.40 below the frozen £12,570 allowance, and **9.58m pensioners pay income tax**. A £40,000 zero band would take at least an estimated **6m** of them out of income tax.
- **Tax, by stage.** Stage 1 (to 2029-30): no tax rises; inheritance tax abolished; from April 2029, business rates end on occupied premises with a rateable value under £51,000 and hospitality VAT falls to 12.5%. Stage 2 (from April 2031 high, April 2033 low): **one income tax of 0% to £12,570 and 20% above**, for people and company profits alike; capital gains taxed as income; no stamp duties; business rates end on the middle band (£51,000 to £500,000) the April after the switch and on the large band a year later, each only when a published surplus test is met, with a ring-fenced Local High Street Grant replacing councils' retained rates; National Insurance retained, then cut to about 2.3% of GDP by 2036-37 in the high case (about 1% before business rates end). Stage 3 (Parliament 3): end NICs, about two years later than first planned because business rates have gone (about 2039-40 in the high case); raise the zero band towards £40,000; end council tax. **Stuart's full design (0% to £40,000, 20% top rate, no property taxes) fits a state of about 22% of GDP.** That is why it is staged.
- **North Sea oil and gas** raise **£5.1bn in 2026-27, falling to about zero by 2031-32** (OBR). The £5–15bn a year figure is not supported. Its value is energy security, about 115,000 direct jobs and industry, not revenue. The path counts none of it. **Net Zero**, tested with a systems lens (Section 6), weakens industry, household bills and North Sea jobs, though it may strengthen energy security.
- **Peers by land area.** UK general government spending excluding defence is **£18,300 a head** (2024), less than Germany's (£21,100) and the US land-area peers (Michigan, Minnesota, Oregon: £19,300–£23,000, estimate). Per km², the UK figure is the highest because Britain is dense. Infrastructure need does not explain the size of the British state.
- **Growth needs the connections.** These links are what the path depends on: education → talent → scale-ups → domestic capital → tax base (P23, P24, SovereignOS™ from age 8); and energy → industry → jobs → participation → welfare savings (P25). Industrial electricity costs **23.4p/kWh in the UK against 13.9p in Germany and 7.4p in France** (H2 2025). The grid queue reached **765GW** in 2025.
- **Governor.** The 3% rule (P22, after Warren Buffett): Accounting Officers lose their posts if controllable spending misses budget by more than 3%.

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1. The ten-year path: two Parliaments to about 30%

Method (all estimates, 2026-27 base). The OBR's October 2026 forecast is the starting point: TME £1,449bn, receipts 41.4% of GDP, borrowing 4.2%, net debt 96.7%. Two growth cases are used: **1.5%** real growth (close to the OBR's medium-term potential) and **2.75%** (the middle of 2.5–3%). The GDP deflator is 2%. Population follows the **ONS 2024-based zero-net-migration projection for Great Britain**, so GDP per head grows by about 1.6% and 2.9% a year. **Pensions** (£169.8bn) rise each year by the triple lock and by the growth in pension-age population (12.40m to 14.21m). **Debt interest** is the effective rate in 2026-27 (about 4%) on a debt stock that stops growing once the budget balances. **Everything else** is held flat in real terms in Parliament 1, less the staged savings, then frozen in cash in Parliament 2. Receipts follow the OBR to 2031-32, less inheritance tax (0.28% of GDP) from 2028-29.

Year	Savings, £bn (2026-27 prices)	Spending £bn (high / low)	% of GDP (high / low)	Pensions £bn	Spending minus today's tax take, % GDP	Net debt % GDP
2026-27	0	1,449 / 1,449	**45.6 / 45.6**	170 / 170	+4.2 / +4.2	97 / 97
2027-28	27	1,455 / 1,453	**43.7 / 44.2**	181 / 178	+1.5 / +2.0	94 / 95
2028-29	59	1,458 / 1,454	**41.8 / 42.7**	192 / 187	-0.3 / +0.7	89 / 93
2029-30	96	1,454 / 1,448	**39.7 / 41.1**	204 / 197	-2.5 / -1.1	85 / 90
2030-31	126	1,457 / 1,448	**38.0 / 39.7**	217 / 207	-4.3 / -2.7	81 / 87
2031-32	155	1,461 / 1,449	**36.4 / 38.3**	231 / 217	-6.0 / -4.0	78 / 84
2033-34	155	1,491 / 1,471	**33.8 / 36.3**	261 / 240	-8.5 / -6.0	71 / 78
2036-37	155	1,544 / 1,510	**30.4 / 33.6**	314 / 278	-11.9 / -8.7	61 / 70

A negative figure in the sixth column is a deficit on today's taxes; a positive one is the room for tax cuts, which Stages 2 and 3 return to taxpayers rather than spend. The high case reaches about 30% in 2036-37; the low case reaches 33.6%, and 30% about three years later.

Stage	What	Source
1. Catalyst (2027-28)	Aid paused (£10.7bn net); asylum support and tribunals wound down (£4.5bn by 2028-29); civil service cut 25% over five years (£5.6bn)	FCDO; Home Office; TPA paybill estimate
2. Welfare and work (2028-31)	Restore's working-age welfare savings phased to £75bn, with back-to-work routes (P5, P10 in the main paper). **Not one pound from the state pension**	Restore Wealth paper (Restore estimate, not independently tested)
3. QUANGOs and Net Zero (2027-31)	QUANGO budget freeze phased to £42bn; Net Zero programme spending £17.5bn	Restore estimates (not independently tested)
4. Cash freeze (2031-36)	All non-pension, non-interest spending frozen in cash: about a 2% real cut each year while the economy grows	Arithmetic

Tax by stage

Stage	Schedule	Spending
Stage 1 (2027-28 to 2029-30)	No tax rises. Inheritance tax abolished from 2028-29. Deficit 4.2% → balanced in 2028-29 (high) or 2029-30 (low). Surpluses in 2029-31 go first to ending business rates on premises under £51,000 and to 12.5% hospitality VAT (April 2029; about £6bn and £8bn a year, estimates), then to abolishing stamp duties and starting NIC cuts	45.6% → 38–40%
Stage 2 (from April 2031 high; April 2033 low)	**One income tax: 0% to £12,570, then 20%**, for people and each company's profits; gains taxed as income. NICs kept only as needed: about 7.4% of GDP at the switch (today 6.7%), falling to 2.3% by 2036-37 (high) or 5.5% (low), against 1.0% and 4.2% before business rates end. Business rates end on the middle band (£51,000–£500,000) in April 2032 (high) or 2034 (low) and on the large band a year later, each only when a published surplus test is met; steps wait rather than reverse. Councils receive a ring-fenced Local High Street Grant replacing their retained rates. Council tax kept until local finance is reformed	36% → 30–34%

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Stage	Schedule	Spending
Stage 3 (Parliament 3)	End NICs (affordable at about 29% of GDP), about two years later than first planned (about 2039-40 in the high case); raise the zero band towards £40,000; then end council tax. Stuart's full design is affordable at about **22% of GDP** (Section 2)	below 30%

Why 20% first, with NICs kept. Pensioners pay no NICs. A single high rate that absorbed NICs (about 35% in 2030-31) would cut tax for every employee but raise it for pensioners. A 20% income tax, with NICs falling, means **no pensioner pays more than today** at any stage, while higher-rate taxpayers and companies (now 25%) gain at once. (Rates use the HMRC 2026-27 base, held at its current share of GDP: estimate.)

Zero net migration against the OBR baseline. The OBR assumes net migration rising to 230,000 a year by 2031 (182,000 a year on average to 2031) and adult population growth of about 320,000 a year. It judges that a migration change 'has no impact on per person incomes'. With zero net migration, total GDP grows about 0.3 points a year more slowly than in a migration-led baseline, but GDP per head and the ratios in this path are broadly unaffected. The real pressure is ageing: the pension-age population rises by 1.8m while the working-age population falls by about 0.7m. The path pays for that inside its totals.

Intersections created or strengthened. Catalyst → fiscal space → family incomes (IMM–WEL–TAX–FAM); welfare to work → participation → tax base (WEL–LOC–TAX); fiscal rule → pensioner protection (TAX–WEL); debt falling → lower interest → capital for growth (TAX–CAP).

2. Why it is staged: a 20% top rate cannot fund a 30% state on day one

	Schedule (people and each company's profits)	Raises £bn	Gap at 30%	Funds a state of
S1	Stuart's outline: 0% to £40k; 10% £40k–£70k; 20% above £70k	**185.6**	277.2	21.3%
S2	Smooth taper: 0% at £40k rising to 20% at £100k	**164.9**	297.9	20.6%
S3	Fast taper: 0% at £40k rising to 20% at £60k	**189.9**	273.0	21.4%
S4	20% on every pound above £40k (limit of a 20% max with £40k zero band)	**212.3**	250.5	22.1%
S5	Nearest: 0% to £20k; 20% above	**306.8**	156.0	25.1%
S6	Nearest: 0% to £12,570; 20% above	**362.5**	100.3	26.8%

Scope B: the flat tax replaces income tax, NICs, corporation tax, CGT, IHT, stamp duties, business rates and council tax; VAT and excise stay. At 30% of GDP it must raise £463bn. **A 20% top rate balances once the state reaches about 21–22% of GDP, which is why the tax is staged.** At 30% the balancing single rates are about 25.5% above £12,570, 30.2% above £20,000 or 43.6% above £40,000. Stuart's schedule funds a state of about 21–22% of GDP. A £40,000 zero band takes about 26m of 40.8m taxpayers out of tax. That finding is why the paper stages the tax: the rate falls and the zero band rises only as fast as the state shrinks. (Static costings; HMRC 2026-27 projections; see Appendix.)

3. The catalysts: aid, asylum and the size of the civil service

Measure	£bn a year	Basis
Civil-service paybill cut (10% / 25% / 50%)	2.2 / 5.6 / 11.2	Paybill about £22.5bn (TPA estimate, 2026). 25% returns headcount to about 2016
End Home Office asylum support	4.36	Home Office asylum spending 2025-26; 107,003 supported, December 2025

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Measure	£bn a year	Basis
Immigration and Asylum Chamber	0.14	2024/25, parliamentary answer
Pause aid (net of £2.4bn already counted as asylum)	10.7	FCDO, final ODA 2025: £13.1bn, 0.44% of GNI
First dent	**17.4 / 20.8 / 26.4**	4–5% of the £496bn needed to reach 30% today; a catalyst, not the solution

Stuart's water-main sequence for aid (P18). 'I liken this to coming home to a broken water pipe. The first thing you would do is turn the water off at the main. Then call an expert to find the leaks and fix them ... Only when everything was done would you turn the water back on.' In practice: (1) suspend new commitments on day one, except binding contracts and life-saving relief, each published; (2) an NAO-led forensic audit of every programme in 6 months; (3) apply the same test to NGO grants, QUANGOs and consultancies; (4) recover misused funds and stop reporting asylum costs as aid; (5) restart only what passes a national-interest test, under a cash cap voted by Parliament.

Bureaucracy then and now. In 1911 the home civil service outside the Post Office was about **87,900** non-industrial staff, **1.9 per 1,000 people** (NBER, from the census). On 31 March 2026 it was **557,825 (523,795 FTE), about 8.0 per 1,000** (Cabinet Office), and FTE numbers grew **36% between 2016 and 2026**. The modern state does more, but the growth since 2016 has no matching new function.

Intersections created or strengthened. Aid restart tied to returns agreements and defence-linked aid (TAX–IMM–DEF); asylum savings ease housing and courts (IMM–HOU, IMM–JUD with P16); a smaller centre funds the front line (TAX–NHS).

4. Pensioner fairness

Issue	Fact	Source
State pension compared with peers	OECD net replacement rate for an average earner, mandatory schemes: **UK 54.2% vs OECD 63.2%**; UK ranks 24th of 38. The UK figure includes auto-enrolment workplace pensions	OECD, Pensions at a Glance 2025
Frozen personal allowance	£12,570 since 2021-22, frozen until 2031. Full new state pension 2026-27: £241.30 a week (£12,547.60), £22.40 below the allowance; it passes the allowance in April 2027	HMRC; DWP; HL2380 answer, Aug 2026
Pensioners paying income tax	8.16m (2023-24) → **9.58m (2026-27, projected)**	HMRC via HL2380
Winter Fuel Payment	Restricted to Pension Credit households in winter 2024-25 (about 1.3–1.5m recipients); restored for winter 2025-26 to all with income of £35,000 or less (10.9m payments; 2.2m face recovery through tax)	DWP statistics 2025-26; GOV.UK
Pensioner poverty (after housing costs)	**14% (1.7m) in 2024-25**, up from 12% (not statistically significant); 16% before housing costs	DWP, HBAI FYE 2025

How the path treats pensioners. (1) The state pension and the triple lock are protected: pension spending rises from about £170bn to £278–314bn in 2036-37, and the path pays for it. (2) No welfare saving touches the state pension, Pension Credit or attendance allowance; Restore's £8–9bn 'pensions' saving is **not** counted. (3) No pensioner pays more income tax at any stage (Stage 2 is a 20% rate and pensioners pay no NICs). (4) The allowance is never allowed to fall below the full state pension. (5) **A £40,000 zero band would take at least an estimated 6m of the 9.58m pensioner taxpayers out of income tax** (lower bound: 64% of all taxpayers fall below £40,000, and pensioners' incomes are lower than average).

Intersections created or strengthened. Pension protection → household spending in local high streets (WEL–LOC); older Britons as mentors and local investors through P10 (FAM–EDU–CAP); winter fuel and energy prices (WEL–ENG).

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5. A graduated consumption tax (P21)

Stuart: 'Zero on non-discretionary items, then up to some number on discretionary. Buy a car under X pounds, no tax. Buy a Rolls-Royce, Y tax.' On ONS household spending for 2025, essentials are £942bn and discretionary spending £825bn. Three schedules raise **£46bn (gentle), £123bn (VAT-like, 0% under £20 rising to 20% at £500) and £61bn (luxury-weighted, cars 0% under £25,000 rising to 30% at £150,000)**, against £188bn from VAT. Replacing VAT would need an average rate of about 23% on discretionary spending. **It is a fairness reform of VAT, not a revenue source**, and should keep VAT's credit chain, tax each price slice (no cliff edges) and treat linked purchases as one item. (Average rates are assumptions.)

Intersections created or strengthened. Essentials at zero → family budgets and pensioners (TAX–FAM, TAX–WEL); everyday rates low → local shops and pubs (TAX–LOC). Hospitality (food, drink and accommodation) is taxed at 12.5% from April 2029, Restore Britain's rate in Restoring the British Pub; HMRC estimates the cost at £8bn in 2026-27 (HM Treasury, written answer UIN 108537).

6. Energy: the North Sea, and a policy without a systems lens

Year	Oil and gas receipts £bn (OBR)	Why
2026-27	5.1	Higher prices; energy profits levy (EPL) in place
2028-29	1.9	Prices expected to unwind
2030-31	0.3	EPL ends September 2029
2031-32	about 0	Production falling about 10% a year (14% with no new fields)

Correction. A figure of £5–15bn a year is not supported by the OBR's forecast, which is based on NSTA production projections; receipts only reach those levels in price spikes. **P25 (North Sea and Affordable Energy Bridge)** treats oil and gas as a **security and industry lever**: new licensing, a stable fiscal regime with no new windfall levies, and faster consents, to slow the decline and keep supply chains and about **115,000 direct jobs (about 200,000 including the supply chain; OEUK 2025)** in Britain. Any upside, likely low single-digit £bn a year (estimate), is not counted in the path.

A policy without a systems lens: Net Zero

In my view, Net Zero, as run by the Secretary of State for Energy Security and Net Zero, Ed Miliband, is sheer madness: it will not be achieved, and even if it were, it would barely change the world's carbon footprint. (Stuart M. Williams.) The facts below let the reader test that view.

Source	Estimate
Climate Change Committee (Seventh Carbon Budget, 2025; supplementary analysis 2026)	Investment **£26bn a year** (2025–50), offset by **£22bn a year** operating savings: **net about £4bn a year, 0.2% of GDP** (range 0–0.5%); private sector funds 65–90%
CCC (earlier estimate, used by the OBR in 2021)	**£1.4 trillion** cumulative investment to 2050 (2019 prices)
OBR, Fiscal risks report (2021)	State bears about a quarter: **net public cost £344bn**; with lost fuel duty and VED (1.6% of GDP by 2050-51), adds **21% of GDP (£469bn) to debt by 2050-51**; **43% if action is delayed** to 2030
NESO (FES 2025 economics annex)	No single cost. Energy costs fall from about 10% to 5–6% of GDP by 2050 on all pathways. Ignoring carbon values, the slower 'Falling Behind' path is **cheaper by about 0.4% of GDP a year** to 2050
Critics (as cited by GWPF, 'The Net Zero Straitjacket', 2025)	**£3 trillion** (attributed to National Grid); **£6–10 trillion** (Net Zero Watch, allowing for wind droughts): critics' estimates, labelled as such

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The global effect. Global fossil CO_2 was **37.8bn tonnes in 2024 and about 38.1bn in 2025** (Global Carbon Project). The UK emitted **0.82%** of it in 2025 (Our World in Data), about 0.31bn tonnes. If UK emissions went to zero, world emissions would fall by under 1%. **India's emissions rose 4.0% in 2024 (about 0.13bn tonnes) and China's 0.7% (about 0.09bn tonnes)**: the UK's entire output equals roughly two to three years of India's 2024 growth. The UK's consumption-based CO_2 (including imports) was **548m tonnes in 2023** (DESNZ/University of Leeds), well above its territorial total, so part of the fall in territorial emissions has been offshored.

Systems test	Evidence
Weakens: energy → industry → jobs	UK industrial electricity **23.37p/kWh vs Germany 13.89p, Italy 14.31p, France 7.43p; EU-plus-UK median 11.39p** (large users, incl. levies, H2 2025, DESNZ). US average about 6.5p (EIA 2025). Dear power pushes energy-intensive production abroad (ENG–LOC–WEL)
Weakens: emissions offshored through imports	Consumption-based emissions (548Mt) far above territorial: closing a British plant and importing the product moves emissions, it does not remove them (ENG–TAX–CAP)
Weakens: household bills and pensioners	Policy costs and network charges fall on bills; pensioners on fixed incomes are most exposed (ENG–WEL–FAM; links to the Winter Fuel Payment)
Weakens: grid capacity	Connection queue **765GW** (February 2025); over a quarter of transmission generation projects had dates **beyond 2032**, some in the 2040s (Ofgem). New factories and data centres wait too (ENG–CAP)
Weakens: North Sea jobs and receipts	Production falling about 10% a year; EPL; receipts near zero by 2031-32 (ENG–LOC–TAX)
May strengthen: energy security	Domestic generation cuts exposure to imported gas: the 2022 shock cost an extra **1.8% of GDP**; NESO estimates the same shock would cost **0.3% of GDP** in 2050 on its net zero pathway (ENG–DEF)

What a systems lens would do. Judge each energy policy on all of its intersections at once: price to industry, bills, jobs, grid, security and imported emissions. That points to P25: keep the North Sea producing as a bridge, cut the levies on industrial power, connect generation and demand faster (P23), and pursue security through domestic supply of every kind, including nuclear.

Intersections created or strengthened. Energy → industry → jobs → participation → welfare savings (ENG–LOC–WEL–TAX); energy → frontier builders (ENG–CAP, P23); North Sea → security (ENG–DEF).

7. Keep the scale-ups: make Britain the place to grow and list (P23)

Measure	Rate	Peers
UK main corporation tax rate	25%	Ireland 12.5%; Switzerland 19.6%; Poland 19%; Sweden 20.6%; Singapore 17%; US 25.6% (combined); Germany 30.1%; France 36.1% (Tax Foundation 2025)
Under Stage 2 of this paper	20% above £12,570 of profit	Below the US and Germany; level with Sweden; above Ireland

The evidence of leakage. Arm chose New York's Nasdaq for its 2023 listing. **Wise moved its primary listing from London to Nasdaq on 11 May 2026**, keeping a secondary London line. The British Business Bank finds UK venture investment at 0.68% of GDP against 0.73% in the US, with the gap widest in R&D-intensive sectors (0.25% vs 0.31% of GDP); 'UK companies still face significant challenges scaling up through the funding rounds' (Small Business Equity Tracker 2025). Recent steps exist: a **three-year stamp duty (SDRT) exemption for newly listed companies** (from 27 November 2025) and the **Mansion House Accord** (pension providers aim for 10% of default funds in private markets by 2030, at least 5% in the UK).

Levers in P23. (a) Domestic capital: the main paper's P2 (a UK dividend credit for pension funds) plus the Accord, made a standing target. (b) CGT: gains taxed as income at the Stage 2 rate, tapering to zero on UK growth shares held five years or more (P3). (c) Listing: make the SDRT exemption permanent for all UK-listed shares (Restore abolishes stamp duty), and keep dual-class shares. (d) R&D relief

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payable to loss-making firms. (e) Investor certainty: P15's ring-fence for commercial law and a published investor statement. This is the 'education-to-capital' gap identified in the main paper: Britain trains the founders, others finance them.

Attracting frontier builders

Britain needs to attract Musk-type businesses: capital-intensive frontier companies in energy, space, vehicles, robotics and AI. ('Musk-type' is a description only; no link with or endorsement by Elon Musk or his companies is claimed.) What they need, the British barrier, and the proposal that answers it:

Need	UK barrier (sourced)	Proposal
Cheap, reliable energy	Industrial power 23.4p/kWh, against 13.9p in Germany and about 6.5p in the US	P25; levies off industrial bills; nuclear and gas as firm power
Fast planning and grid connection	Development consent took **4.2 years in 2021, up from 2.6 in 2012** (government NSIP action plan); grid queue 765GW	P23: statutory deadlines; 'first ready, first connected' for industrial demand; deemed consent
Deep growth capital	VC gap widest in R&D-intensive sectors; Wise and Arm listed in New York	P2, P3, P23 (pension capital, CGT taper, listing reform)
Engineering talent and top-talent visas	Restore's minimal-migration stance; the immigration–capital link to align in the main paper	P24 and SovereignOS™ build domestic talent from age 8; a narrow, capped top-talent visa for proven founders and engineers (P7 diaspora first)
Legal and regulatory certainty	Correction Bills could reach commercial law (main paper, JUD × CAP link to align)	P15 ring-fence for contract, property and arbitration law; 3% rule (P22) for regulators' budgets

Intersections created or strengthened. Education → talent → scale-ups → domestic capital → tax base (EDU–CAP–TAX); energy → frontier industry (ENG–CAP); courts → investor certainty (JUD–CAP); planning → industry (HOU–ENG).

8. Education as a long-term national investment (P24)

Stuart's point: 'A British doctor would probably inject at least £5m into the economy over 40 years. This … keeps it in the UK [and] increases the rate at which a single unit circulates an economic ecosystem.' **The check.** On 2026-27 NHS England basic pay (FY1 £41,226 through ST8 £77,348, then consultant £113,565 rising to £150,569), a 40-year hospital career earns **£4.8m in today's money** before any real pay growth, plus about **£0.7m** of employer NICs; with 1% a year real pay growth the gross figure is **£6.1m**. Income tax and NICs paid over the career come to about **£2.5m**. So 'at least £5m' holds for a consultant once employer costs or modest real growth are counted (estimate; basic pay only, excluding pensions, awards and private work).

How often a pound changes hands. The broad national measure, GDP divided by M4 money, fell from **1.41 in 1990 and 1.25 in 2000 to 0.75 in 2010**, and was **0.94 in 2025** (ONS GDP; Bank of England M4; series breaks mean this is indicative). A falling ratio means money sits rather than circulates. Locally the difference is sharper. NEF's 'Money Trail' example: where 80% of each pound is spent locally, £10 becomes **£29.52** of local trade in four rounds; at 20% the same arithmetic gives about £12.50. In NEF's 'Plugging the Leaks', £10 spent with a local supplier generated £25 locally against £14 at a supermarket; in Chicago's Andersonville study, $100 at local firms produced **$68** of local activity against **$43** at chains.

SovereignOS™ as the thread. SovereignOS™, the heritage-centric socioeconomic operating system, integrates every sector across the life cycle, **starting with children as young as eight**: Innovate to Graduate in schools, free youth classes, adult certification, enterprise and investment, with older Britons as mentors and local investors. In Charleston it reports more than 450 prison participants, of whom none of the 74 released has returned. Each stage feeds the next: the child becomes the skilled worker, the founder and the local investor, and spends and invests in the place that raised them. That is how the path's growth assumption is earned rather than assumed.

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P24 Education as National Investment. (a) Count education spending as investment in the P8 dashboard, tracking how many British-trained graduates work and pay tax in the UK after five and ten years. (b) The P1 stay-and-build loan write-down for every year a graduate works in Britain. (c) SovereignOS™ Lifelong Pathway (P10) from age 8, delivered locally (P13). (d) Local procurement and community investment (P9) so each pound earned circulates locally.

Intersections created or strengthened. Education → talent → scale-ups → domestic capital → tax base (EDU–CAP–TAX); education → family stability (EDU–FAM); local spending → local multiplier (EDU–LOC, LOC–CAP).

9. Peers by land area: is the British state big because Britain is big?

	Area km²	People (m)	Spending excl. defence £bn	£ a head	£m per km²	% of GDP
United Kingdom (2024)	242,495	69.3	1,265	**18,270**	5.2	43.6%
Romania (2024)	238,397	18.9	125	6,580	0.5	41.7%
New Zealand (2024)	268,107	5.3	83	15,670	0.3	about 41% (est.)
Italy (2024), population peer	302,068	59.0	915	15,520	3.0	49.1%
Germany (2024), population peer	357,592	83.5	1,762	21,100	4.9	48.0%
Michigan (2022–23)	250,493	10.0	193	19,250 (est.)	0.8	n/a
Minnesota (2022–23)	225,163	5.7	120	21,000 (est.)	0.5	n/a
Oregon (2022–23)	254,806	4.2	98	23,020 (est.)	0.4	n/a

Method. Countries: general government total expenditure less defence (COFOG). UK: OECD COFOG 2024 (£1,330.5bn less £65.1bn defence) over ONS GDP. Germany, Italy and Romania: Eurostat 2024, converted at about €1 = £0.847. New Zealand: IMF general government spending (41.9% of GDP, 2024) less defence of about 1% of GDP (unverified estimate). US states (estimate): US Census state and local direct spending 2022 (Michigan $111.7bn, Minnesota $76.0bn, Oregon $67.0bn), plus federal non-defence, non-grant spending applied equally per head (FY2023 outlays $6.13tn, less defence $0.81tn and grants to states $1.08tn, about $12,700 a head: OMB, approximate), at about $1.24 = £1. State areas include inland water. **What it shows:** per head, the British state is not an outlier against these peers. Per km² it is the most expensive, because Britain is dense, so land area and infrastructure need do not explain its size. The 30% path would bring UK spending per head (excluding defence) close to Italy's and New Zealand's.

Intersections created or strengthened. Spending per head ↔ density and infrastructure (TAX–HOU–ENG); compares like with like for P19.

10. The 3% rule: a Buffett idea, adapted (P22)

Warren Buffett (CNBC, 7 July 2011): 'You just pass a law that says that anytime there is a deficit of more than 3% of GDP, all sitting members of Congress are ineligible for re-election.' **The adaptation:** each department's Accounting Officer, finance director and senior budget holders lose their posts if controllable spending differs from the voted Estimate by more than 3% (NAO-measured). Underspends count if promised outputs were not delivered. Demand-led spending and ministerial directions are excluded (directions are published). Emergencies suspend named lines only, after a Commons vote, for up to 12 months. Anti-gaming checks cover year-end shifts, off-balance-sheet deals and front-line cuts. Year one is a warning year. Legislation would amend the Constitutional Reform and Governance Act 2010 and Managing Public Money.

Intersections created or strengthened. Fiscal rule → official accountability (TAX–JUD–LIB, one standard for officials as for

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citizens, P14); keeps the path on track (TAX–all).

11. Proposals P17–P25 and the intersections they create

No.	Proposal	What it does	Intersections created or strengthened
P17	Catalyst Savings Package	Civil service back to 2016 size (−25%), asylum support ended, aid paused	IMM–WEL–TAX; TAX–NHS (front line)
P18	Aid Stop–Audit–Restart	Stuart's water-main sequence; restart only what passes a national-interest test, under a cash cap	TAX–IMM–DEF (returns and defence-linked aid)
P19	Ten-Year 30% Path	Legislated two-Parliament path; zero net migration; pensions protected; OBR scores it each year	TAX–WEL–FAM; TAX–CAP (debt falling)
P20	Staged Graduated Flat Tax	Stage 1 no rises, IHT gone; Stage 2 one 20% income tax above £12,570 for people and profits; business rates end by Parliament 2, small premises from April 2029 (P49); Stage 3 NICs end, zero band towards £40,000, council tax ends	TAX–FAM, TAX–CAP, TAX–LOC; TAX–WEL (pensioners)
P21	Graduated Consumption Tax	VAT reformed: essentials zero, discretionary items taxed by price slice; 12.5% for hospitality from April 2029 (P50)	TAX–FAM, TAX–LOC
P22	3% Budget Accountability Rule	Accounting Officers lose posts beyond a 3% miss	TAX–JUD–LIB
P23	Keep the Scale-ups and Frontier Builders	Capital, CGT taper, listing, R&D, fast planning and grid, certainty	EDU–CAP–TAX, ENG–CAP, JUD–CAP, HOU–ENG
P24	Education as National Investment	Education counted as investment; stay-and-build; SovereignOS™ from age 8; local circulation	EDU–CAP–TAX, EDU–FAM, EDU–LOC, LOC–CAP
P25	North Sea and Affordable Energy Bridge	Licensing, stable fiscal regime, levies off industrial power, faster connections, systems test for energy policy	ENG–LOC–WEL–TAX, ENG–DEF, ENG–CAP

The two chains that carry the growth case. (1) **Education → talent → scale-ups → domestic capital → tax base → education** (P24, P23, P2, P20). (2) **Energy → industry → jobs → participation → welfare savings → tax room** (P25, P23, P5, P19). The catalysts (P17, P18) start the system; the tax stages (P20, P21) return the gains; the 3% rule (P22) holds it. These chains are drawn in Diagram 2 of the main paper.

Appendix A. Workings

Personal income: HMRC Table 2.5 (2026-27 projections; 40.8m taxpayers, £1,832bn), with broad bands split using SPI 2023-24 Table 3.3 (estimate); revenue = Σ rate step × income above the step. **Companies:** HMRC Corporation Tax Statistics 2026 (2024-25: 1,637,230 companies), profits recovered from liability bands and calibrated to £377.4bn chargeable profits, uprated 8.5%. **Gains:** £24.3bn CGT at an assumed 24% average rate implies about £101bn of gains (estimate). **Tax bases in the path** are held at their 2026-27 share of GDP: income above £12,570 = 57.0% of GDP; above £20,000 = 48.3%; above £40,000 = 33.4%. Taxes kept in Stage 2 (VAT, excise, other taxes, non-tax receipts, council tax, business rates) = 18.0% of GDP; so a 20% rate above £12,570 raises 11.4% of GDP and NICs must cover spending − 29.4%. From the second edition, business rates end in Parliament 2 (P49; see Restoring the British High Street, 22 November 2026), so NICs cover spending − 28.3% after the large band ends; they fall more slowly and end about two years later. Band costs (about £6bn, £15bn and £14bn a year) are SovereignOS™ static estimates from VOA and MHCLG NNDR1 data and need official costing. Scope B (council tax and business rates also replaced) keeps 15.4% of GDP; Stuart's design (20% above £40,000) raises 6.7%, so it funds a state of about 22%.

Path: model_path.py. Pensions £169.8bn × triple lock (max of 2%, 2.5%, earnings growth) × pension-age population growth (ONS GB zero net migration: 12.40m to 14.21m). Debt interest = 4.03% × net debt (£124bn / 96.7% of £3,178bn). Savings phased as in Section 1, in 2026-27 prices. **Lifetime pay:** lifetime.py, 2026-27 rates for England and the rest of the UK (personal allowance taper above £100,000; NICs 8%/2%; employer 15% above £5,000).

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Estimates or not verified: *all path figures; Restore's own savings figures; US-state federal allocation and exchange rates; New Zealand defence; the pensioners-out-of-tax lower bound; lifetime pay (basic pay only); M4 velocity (series breaks); consumption-tax average rates; critics' Net Zero estimates (as reported by GWPF); North Sea upside. All tax costings are static.*

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