

SOVEREIGN

MOBILITY / CAPITAL / ENTERPRISE / PLACES



THE CHOICE ISSUE

The freedom to choose

Where we live. What we build. How we remain free.

PANAMA, MEXICO & COSTA RICA

BRITAIN / FRANCE / CANADA

FIRST EDITION / OCTOBER 2026

A NOTE FROM NATHAN ELLIOTT SHANTZ

Why Sovereign

I created Sovereign because the questions that shape our freedom deserve better journalism.

Where can we build a business with confidence? What should governments be entitled to ask of the people who fund them? How do we protect the freedom to work, invest, raise a family and choose where we belong? These are economic questions, but they are also questions about the kind of life we are able to lead.

At a time when economic freedom and personal sovereignty are under pressure, I want this magazine to bring together important news, careful reporting and independent perspectives. The ambition is straightforward: help readers understand what is changing, what the evidence supports and what those changes may mean for their own choices.

That requires a clear point of view and a willingness to test it. A commitment to freedom does not excuse weak evidence. A dramatic headline does not make a forecast a fact. Governments should face scrutiny, and so should the arguments of those who oppose them. Good journalism helps us see the trade-offs, including the ones that complicate our preferred answer.

This edition begins with the practical possibilities of mobility: where Canadians move, and what building a life in Panama, Mexico or Costa Rica actually involves. It then turns to the economic pressures at home, Britain's debate over taxation and political consent, and the questions of public finance and state power facing France and California.

The connection is choice. The ability to leave matters, but so does the ability to stay and build a worthwhile life. Sovereignty has practical foundations: dependable institutions, public order, predictable rules and room for individual initiative. It belongs in the ordinary decisions of families and business owners as much as in debates about nations.

Every two months, Sovereign will make space for those questions. My hope is that it earns your attention through the quality of its journalism, and leaves you better equipped to think independently and act deliberately.

Nathan Elliott Shantz

LEAD EDITOR

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Contents

01 / A WORLD OF CHOICE

05 **Where Canadians move**

The United States leads, followed by Mexico, the United Kingdom, South Korea and Germany. What the OECD's figures reveal, and what they mean for Canadians considering a move.

07 **The Panama move**

For Canadian business owners, established professionals and financially independent families, Panama offers several ways to build an international home. Schools, healthcare,.

10 **Building a life in Mexico**

For business owners, established professionals and financially independent families, Mexico offers several distinct ways to live. Choosing well means looking beyond the.

13 **A more considered life in Costa Rica**

For business owners, established professionals and financially secure families, Costa Rica offers a compelling choice between the Central Valley and the Pacific coast. The.

02 / THE CANADIAN QUESTION

16 **Canada's recovery has something to prove**

A stronger second quarter challenges the story of uninterrupted stagnation. Weak hiring, trade uncertainty and the difference between total growth and living standards still.

18 **A fragile housing recovery**

Sales and prices weakened again in September. The national figures point to a stalled recovery, while construction and regional markets tell a more complicated story.

20 **B.C.'s economic test**

Lorne Doerksen's Conservatives have won a mandate for change. Tax relief, faster homebuilding and resource investment now face the harder test of implementation.

02 Letter from the Lead Editor

NO. 01 / OCTOBER 2026

Perspectives

03 / BRITAIN AT A CROSSROADS

22 **Britain's wealth exodus**

The end of non-dom taxation has sharpened the competition for wealthy residents. But millionaire forecasts, billionaire fortunes and lost tax receipts are three different things.

25 **Who pays Britain's tax squeeze?**

Frozen thresholds and higher employment taxes reach people who have neither a private jet nor an offshore fortune. The government needs to explain who pays, what improves and.

27 **A political system out of step**

A commanding parliamentary majority can conceal a divided electorate. The harder task is turning the power to govern into consent that lasts.

29 **Labour's credibility problem**

Andy Burnham has given Labour a clearer argument for change. Turning it into a durable government requires an agreement about who pays, what comes first and who delivers.

04 / THE STATE & THE INDIVIDUAL

31 **France's debt and its sovereignty**

A country can retain the legal power to tax and spend while losing practical freedom over its budget. France's persistent deficits are making that distinction harder to ignore.

33 **The price of lost public order**

Rioting exposes a failure in the state's most basic promise. The people least able to escape disorder have the strongest claim to reliable protection.

35 **California and the limits of government**

Billionaires deserve scrutiny. So do governments that treat growing budgets as a claim on more private wealth. California and New York put fiscal discipline and personal.

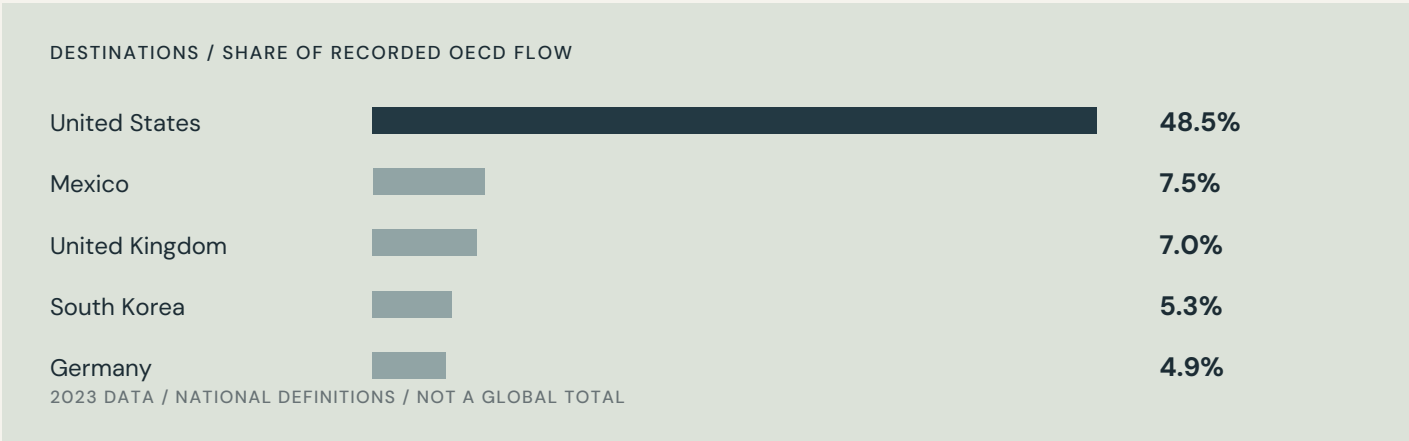
14 ARTICLES / ONE SHARED QUESTION: THE FREEDOM TO CHOOSE

MOBILITY

Where Canadians move: the top five OECD destinations in 2023

The United States leads, followed by Mexico, the United Kingdom, South Korea and Germany. What the OECD’s figures reveal, and what they mean for Canadians considering a move.

BY GREY RIVER ASSOCIATES



Data graphic: Grey River Associates. Source: OECD International Migration Outlook 2025, 2023 national-definition data.

The United States is the clear leader in the OECD’s 2023 figures for Canadian citizens moving abroad. The next four destinations are more revealing: Mexico, the United Kingdom, South Korea and Germany. The list brings together neighbouring economies, established professional routes and countries that offer younger Canadians a way to live and work overseas.

The ranking comes from the OECD’s International Migration Outlook 2025. Its Canada profile reports roughly 39,000 Canadian citizens migrating to OECD countries in 2023. The shares below use the underlying country data, rounded to one decimal place. These are destination-country figures using national definitions, not a uniform count of every Canadian departure worldwide. Canadian citizenship does not necessarily mean someone was born in Canada or moved directly from Canada during that year.

1. United States: 48.5%

The United States accounts for almost half the recorded total. Proximity makes it an obvious country to

investigate, but the professional opportunity matters too. Statistics Canada’s research describes a larger labour market and often higher compensation in particular fields as important attractions. It also cautions that permanent immigration statistics miss much temporary worker mobility. Statistics Canada’s analysis

For eligible Canadian professionals, TN status provides one temporary work route for specified occupations and prearranged employment. Citizenship alone does not confer permission to work. A serious comparison starts with a particular job, city and household budget, including health coverage and the cost of returning home. U.S. State Department

2. Mexico: 7.5%

Mexico places second, ahead of the United Kingdom. That result gives it a place in the migration discussion beyond winter holidays. It does not tell us how many people were retirees, remote workers or joining family, and those motives should not be read into the ranking.

MOBILITY / CONTINUED

For someone considering a longer stay now, Mexico's temporary residence route is intended for stays exceeding 180 days and lasting up to four years, subject to eligibility. The entry visa and the residence card are separate steps: the Mexican consulate in Toronto instructs visa holders to apply to the National Migration Institute for their card within 30 calendar days of entry. Economic solvency is one possible basis for applying. The useful starting point is deciding whether the plan is seasonal travel or establishing a home. That decision changes the paperwork, budget and practical preparation. Mexican consular guidance

3. United Kingdom: 7.0%

The UK remains a significant destination for Canadian citizens. For a prospective mover, the question quickly becomes more specific than choosing a country: London with a job offer, a university placement and a smaller city with family nearby represent very different financial decisions.

An accessible route for eligible younger Canadians is the Youth Mobility Scheme. Canadian applicants can qualify between ages 18 and 35, with an initial stay of up to two years and the possibility of a further year. Other conditions apply. The scheme permits work in most jobs, making it relevant to someone who wants to test life abroad before committing to a longer relocation. UK eligibility rules and scheme overview

4. South Korea: 5.3%

South Korea's position is a useful corrective to the idea that Canadians moving abroad are all looking for a beach or an English-speaking country. The figures establish a migration connection; they do not establish any single explanation for it.

For Canadians exploring Korea today, the bilateral Youth Mobility Arrangement includes working holidays and professional work placements. Canada's guidance sets an eligibility range of 18 to 35 and describes separate visa categories for different kinds of work. The practical distinction is between finding employment that helps

fund a temporary stay and securing a role that advances an existing career. Language preparation and understanding an employer's requirements belong near the beginning of either plan. International Experience Canada

5. Germany: 4.9%

Germany rounds out the five. Its youth mobility agreement gives eligible Canadians aged 18 to 35 a route to work and travel for up to twelve months per participation, with a second participation possible in a different category.

The German government makes a useful distinction: German language skills are not required to apply for this visa, but speaking German can improve employment prospects. Eligibility to enter a country and readiness to build a working life there are different questions. Prospective movers should also examine the permitted work carefully; this youth mobility route has restrictions, including on self-employment and remote work for a Canadian employer. German Missions in Canada

What the ranking tells a prospective mover

These figures describe 2023 flows within the OECD, not 2026 popularity or the best destination for an individual. Non-member countries such as Panama are outside this comparison. Snowbird visits and the accumulated number of Canadians already living abroad answer different questions.

That explains why other credible lists differ. Statistics Canada's March 2026 portrait uses 2020 data for Canadians by birth living abroad and lists the United States, United Kingdom, Australia, France and Italy. That is a population snapshot, rather than one year's movements. Statistics Canada's portrait

Use the ranking to widen the shortlist. Then compare an actual city, a workable immigration route, realistic income and the daily life each move would make possible.

Research current to October 25, 2026. Migration ranking uses 2023 OECD data; programme guidance checked October 2026.

PLACES

The Panama move: a new base for Canadian wealth and family life

For Canadian business owners, established professionals and financially independent families, Panama offers several ways to build an international home. Schools, healthcare, residence rules and the Canadian departure determine whether it works.

BY GREY RIVER ASSOCIATES



Luis Quintero / Pexels

For a Canadian with a successful business, a substantial investment portfolio or a family to relocate, Panama presents a specific proposition: an international base with urban services, access to the Americas and several routes to legal residence. The decision is about how a household wants to live and operate, as much as what it will spend.

PLACES / THE FEATURE

The Panama move

A founder, a working family and a financially independent retiree can choose the same country for quite different reasons.

The owner who wants an international base

For a business owner whose responsibilities cross borders, Panama City deserves the first inspection. Copa markets services between Panama and both Toronto and Montreal, as part of its wider Latin American network. The practical test is the complete itinerary from home to the clients, employees and family members who still require personal attention. *Copa Airlines*

An apartment in Punta Pacífica, Costa del Este or another central district can be assessed as a working home: a separate office, reliable internet, building management, parking and access to daily services. The relevant comparison is between actual buildings and routines. A striking view says little about elevator reliability, noise or the trip to the airport in traffic.

Panama also introduces a distinction that matters to internationally active professionals. Permission to reside does not necessarily authorize employment or the practice of a regulated profession. Panama's August 2026 Friendly Nations decree expressly preserves separate work-permit and professional rules. Canadian credentials and clients abroad do not remove the need to examine how the work will legally be performed. *Official Gazette*

The family buying continuity

For parents, the property search should follow the school decision. Curriculum, admissions availability, learning support and the daily journey matter more than a neighbourhood's reputation among expatriates.

Costa del Este, Punta Pacífica, Clayton and Panamá Pacífico are places to compare against a specific school and working routine, not interchangeable answers.

International education also changes the budget. The International School of Panama lists 2026-27 annual tuition of US\$15,584 for PK4 through Grade 5 and US\$19,328 for Grades 9-12. Its published fees also include a US\$16,000 capital donation per student and a US\$1,000 annual registration fee for families paying without employer reimbursement. These are one school's figures, not a citywide average, but they make the point: a premium family relocation needs a full annual and first-year budget. ISP admissions and fees

Healthcare belongs in the same exercise. Canada's travel advice says good care is available at private hospitals and clinics in Panama City, while provision is more limited outside the capital and payment may be required in advance. Families should establish which doctors and hospitals their insurance covers before choosing where to live. *Government of Canada*

The financially independent household

For someone with investment income and control over their time, Panama offers more than one way to arrange life. The capital suits a household that wants restaurants, medical access and international flights close at hand. A Pacific-coast home changes the emphasis towards outdoor space and the sea. Panama's tourism authority identifies Coronado and the resort areas of Buenaventura and Bijao among the options along the Riviera Pacífica. *Visit Panamá*

Boquete offers a different proposition in the Chiriquí highlands: a cooler setting, coffee country and access to outdoor activities. That choice should include an honest assessment of journeys to specialist care and

PLACES / CONTINUED

The Panama move

international departures. Climate and landscape are meaningful benefits only if the rest of the household's routine works. Visit Panamá: Boquete

A financially secure retiree should also distinguish assets from qualifying pension income. Panama's pensionado route requires evidence of an eligible lifetime pension; a large securities account alone is not the same document. The correct immigration route follows the household's actual circumstances. Panamá Digital

Residence rules now require a closer reading

The Qualified Investor programme changed in September 2026. MICI's announcement of Executive Decree 17 explains that qualifying first-sale new property starts at B/.300,000, while second-sale property requires B/.500,000. It also identifies a B/.500,000 fixed-deposit option at Banco Nacional de Panamá or Caja de Ahorros. These are specific programme thresholds, not a promise that any purchase or bank deposit will qualify. MICI, 21 September 2026

That update matters to a Canadian comparing developments, resale apartments and other uses for capital. Older brochures describing one property threshold can mislead. Immigration eligibility, title, contractual protection, fees and the suitability of the investment need to be assessed together. A residence application is not evidence that an asset is attractively priced.

The Canadian departure remains part of the move

A Panamanian residence card does not by itself end Canadian tax residence. The CRA's assessment centres

on the facts, particularly significant residential ties such as an available home, spouse and dependants in Canada. Emigration can also trigger a deemed disposition of certain assets and departure-tax obligations; Canadian-source payments can remain subject to Canadian tax after departure. CRA: leaving Canada

Panama's territorial income-tax framework also requires actual source analysis. The country's Supreme Court has described the general rule as taxing income produced within Panama regardless of where payment is received. A foreign bank account or foreign customer therefore does not, on its own, establish that income falls outside Panamanian tax. Owners need advice on the work performed, entities involved and applicable rules. Supreme Court discussion of Article 694

The strongest relocation plan starts with a trial of ordinary life: school mornings, working days, grocery shopping, exercise and a realistic travel schedule. Then the family can align its residence route, Canadian departure, housing and financial arrangements around a place it has tested. For Canadians with the resources to choose, Panama's appeal is the possibility of building a durable international home. The quality of that home depends on execution.

Research current to 25 October 2026. Immigration and tax references describe general rules, not an individual eligibility determination.

Editorial note: This article profiles household decisions using published sources. It does not present interviews or measure the number or wealth of Canadian migrants. Research checked 25 October 2026.



PLACES

The Canadian move to Mexico: building a life with more choice

For business owners, established professionals and financially independent families, Mexico offers several distinct ways to live. Choosing well means looking beyond the holiday address.

BY GREY RIVER ASSOCIATES



Marilú López / Secretaría de Turismo CDMX, Wikimedia Commons, CC BY-SA 4.0. Photograph: 2012.

A Canadian business owner can buy an attractive home in Mexico and still discover that the move has made daily life harder. The school run takes too long. The preferred flight operates only in winter. Managing the Canadian company creates questions that the immigration adviser never discussed.

PLACES / THE FEATURE

Building a life in Mexico

The opportunity is real, but its value depends on the design of the move. For households with substantial income or invested capital, the important purchase is a satisfying routine: a comfortable home, dependable services, social connections and time to enjoy them. Mexico offers several versions of that life.

The owner who still needs a working city

For an entrepreneur or senior professional maintaining an active career, Mexico City deserves a serious look. The city's [tourism guide](#) treats Polanco-Lomas and Condesa-Roma as distinct districts, a useful starting point for understanding how different the capital's residential settings can be.

Polanco can suit a household prioritising restaurants, services and a central urban address. Condesa or Roma may appeal to someone who wants neighbourhood cafés and street life. A larger house farther from the centre can offer more space, while creating a longer journey to meetings or school. Test the actual commute at the actual hour.

The business case needs equal attention. A reliable home office, backup connectivity and a travel schedule that works throughout the year belong in the initial budget. So does advice on whether conducting business from Mexico creates local registration, payroll or corporate tax obligations. A Canadian company does not make its owner's work geographically irrelevant.

The family choosing its neighbourhood around school

For parents, a school place can determine the address. Curriculum, language support, admissions timing,

additional learning needs and the daily journey matter before the house search becomes serious.

Premium education also changes the economics. Mexico City's American School Foundation publishes 2026-27 tuition of MXN 35,380 a month for grades 9-12 over ten months. That is MXN 353,800 in annual tuition, before registration, transport and other charges. Its schedule also lists a one-time US\$7,000 admission fee. This is one school's price, not a national average or an endorsement.

The implication is straightforward: build a household budget around the services the family will actually use. Include private healthcare, activities, insurance, travel to Canada and the cost of maintaining any Canadian property. A move can improve daily life without producing a dramatic reduction in expenditure.

The financially independent household choosing its pace

A retired executive or an owner who has stepped back from operations has a different map. San Miguel de Allende offers a historic urban setting with cultural institutions and streets built around a compact centre. Mexico's culture ministry describes its colonial houses, churches and cobbled streets. Those streets also make mobility, parking and access to the home practical considerations.

Puerto Vallarta and the neighbouring Nayarit coast offer a coastal alternative. The official tourism guide confirms direct connections with major Canadian cities. For frequent travellers, the useful question is whether the specific route works in the months they intend to live there.

Los Cabos merits a separate comparison for households considering a managed coastal community

PLACES / CONTINUED

Building a life in Mexico

and regular North American travel. Its tourism board publishes flight connectivity information. Compare communities by access to healthcare, airport transfers, property management and annual operating costs. A beautiful residence should still work when visitors have gone home.

Renting through ordinary working weeks, and through a less comfortable season, provides better evidence than a resort stay.

Healthcare and security are local decisions

Mexico City has substantial private medical infrastructure. Médica Sur's international service lists specialist centres and assistance with appointments, estimates and insurance paperwork. That establishes an available service, not a guarantee that a particular policy or treatment will be covered.

Canada's Mexico advisory, updated October 19, 2026, notes that healthcare quality varies and private care can be expensive. Advance payment may be required. A household should identify its hospital, emergency route and insurance arrangements before settling.

The same advisory calls for a high degree of caution nationally and advises against non-essential travel to specified regions. Assess the precise neighbourhood, road journeys and airport access against the current geographic warnings. An expensive property cannot eliminate security risk.

Residency, ownership and tax need separate plans

Mexico's temporary residence framework includes economic solvency, family connections, property and investment routes, with stays of up to four years. Requirements and evidence should be checked with

the consulate handling the application. A residence permission should also be checked against the intended work activity.

Property ownership is another question. In the restricted zone, generally within 50 kilometres of the coast or 100 kilometres of a border, foreign residential buyers commonly use an authorised bank trust, or fideicomiso. The Foreign Affairs Ministry explains the framework. Obtain independent advice on title, permits and ongoing obligations before committing funds.

Tax planning can be more consequential than the purchase price. Mexican law considers a home in Mexico and, where homes exist in both countries, the centre of vital interests. Its income tax law generally taxes Mexican residents on worldwide income. Keeping investments or customers abroad does not itself make their income exempt.

Canada separately examines residential ties, including an available home, spouse and dependants. Ending Canadian residence may trigger departure tax on certain assets. Where both countries treat an individual as resident, the tax treaty's Article 4 contains tie-breaker rules. Citizenship alone does not settle the answer.

For a household with options, the sensible first investment is a carefully tested plan. Choose the ordinary week you want to live, then confirm that the school, healthcare, business and tax arrangements support it.

Editorial note: This article profiles household decisions using published sources. It does not present interviews or measure the number or wealth of Canadian migrants. Research checked 25 October 2026.



PLACES

Canadians in Costa Rica: the case for a more considered life

For business owners, established professionals and financially secure families, Costa Rica offers a compelling choice between the Central Valley and the Pacific coast. The lasting appeal depends on getting ordinary life right.

BY GREY RIVER ASSOCIATES



PoeXinia / Wikimedia Commons, CCO. Guanacaste, 2023.

For a Canadian household with substantial savings, an established business or a dependable investment income, Costa Rica offers the possibility of reorganizing life around time, family and the outdoors. The attraction is easy to understand. The harder task is choosing a place where the school run, medical appointment and working week function as well as the holiday did.

PLACES / THE FEATURE

A more considered life in Costa Rica

Three households, different priorities

A business owner who can delegate daily operations needs reliable communications, manageable journeys to Canada and clarity over what work may legally be performed from Costa Rica. A professional family needs a suitable school, continuity of curriculum and a home that makes the daily commute practical. A financially independent couple may prioritize climate, healthcare, friendships and space for visiting children.

Their common advantage is the ability to pay for a good fit. Their common risk is buying an attractive property before understanding the life surrounding it.

The Central Valley: a base for everyday commitments

Escazú and Santa Ana, west of central San José, deserve an early visit for households balancing family life with professional responsibilities. Hospital CIMA is in Escazú, while private education options include Blue Valley's International Baccalaureate programme. These are concrete services to investigate, rather than reasons to assume every neighbourhood will suit every family. Hospital CIMA; Blue Valley School.

For parents, school selection should precede the housing search. Admissions availability, language support, university plans and the actual drive at school hours can narrow the map considerably. For an executive or entrepreneur, the equivalent test is a normal working week: calls, grocery shopping, exercise, meetings and an airport journey.

A well-managed apartment or condominium may make frequent travel simpler. A detached house offers space but creates responsibilities for maintenance, gardens, security and staffing. A generous housing budget gives the household choices; the useful

comparison is the total annual cost and time commitment of each.

Guanacaste: make the coastal life practical

The northern Pacific offers a different starting point. Areas around Papagayo, Playa Hermosa and Playas del Coco can be compared with the Flamingo, Potrero and Tamarindo corridor. This is a shortlist for investigation, not a ranking of Canadian settlement patterns.

Schools can anchor that investigation. La Paz lists a Cabo Velas campus near communities including Flamingo, Potrero and Tamarindo, and a Tempisque campus serving a different catchment around Liberia, Papagayo and Playas del Coco. Geography matters more than a school's appearance on a national shortlist. La Paz campuses.

Guanacaste Airport's destination list includes Canadian cities such as Toronto, Montreal, Calgary and Vancouver. That creates useful possibilities for business and family visits, but route listings do not guarantee year-round service or a convenient frequency on the dates a household needs. Guanacaste Airport.

Before choosing a coastal home, test mobile reception, fixed internet, water supply, access roads and the school commute at the property itself. Spend time there during the rainy season. Canada's travel advice notes that heavy rain can make roads impassable, and that rural emergency services may be limited. These details can determine whether a beautiful location works as a permanent base. Government of Canada.

PLACES / CONTINUED

A more considered life in Costa Rica

Healthcare and housing require separate decisions

The Canadian advisory describes strong private healthcare, concentrated mainly around San José, and notes that providers commonly require upfront payment. A household choosing the coast should establish where routine care, emergency treatment and specialist appointments would actually happen. Private insurance and public-system obligations belong in the budget together. [Canadian health guidance](#).

Property ownership also requires independent diligence. Coastal purchases can involve maritime-zone rules and concession arrangements; the tourism authority publishes the relevant coastal planning material. Confirm the legal interest being acquired, approved use and access to utilities before committing. Canada's government specifically recommends choosing an independent lawyer when making property investments. [Costa Rican Tourism Institute](#); [Canadian investment guidance](#).

Residence is a legal foundation

Costa Rica provides pensionado, rentista and investor routes. The immigration law specifies at least US\$1,000 a month of permanent, stable foreign pension income for pensionados and US\$2,500 of qualifying stable monthly income for rentistas. These are eligibility thresholds, not estimates of the cost of a comfortable household. Temporary residents face limits on remunerated activities, and the law requires evidence of continuing CCSS coverage for applicable renewals. [Immigration Law](#), articles 80-82.

Investor applicants should distinguish the residence rules from promotional tax incentives. The published implementing regulation specifies a US\$150,000 qualifying investment. Separately, Law 9996 limited

applications for its fiscal benefits to its first five years, a window beginning in July 2021. A late-2026 plan should obtain current written confirmation of the applicable investment requirements and any claimed exemption before committing funds. Old advertisements are insufficient evidence. [Investor regulation](#); Law 9996.

The tax analysis follows the income

Costa Rica generally taxes income from Costa Rican sources. Its law expressly includes services performed locally, so a foreign customer, company or bank account does not by itself make professional earnings foreign-source. Special rules also reach certain foreign passive income earned by non-qualified entities in multinational groups. Owners should examine the actual activity, ownership structure and income stream before assuming a territorial system removes their exposure. [Income Tax Law](#), article 1.

Canada remains a separate analysis. A residence permit abroad does not establish Canadian non-residence. Residential ties matter, and departure can trigger a deemed disposition of certain assets. For a shareholder with significant accrued gains, the departure plan belongs ahead of the moving date. [Canada Revenue Agency](#).

The strongest first commitment is a realistic period of living in the intended neighbourhood: working, attending school visits, arranging care and building relationships. Costa Rica becomes a convincing long-term choice when those ordinary days are the life the household actually wants.

Editorial note: This article profiles household decisions using published sources. It does not present interviews or measure the number or wealth of Canadian migrants. Research checked 25 October 2026.



CAPITAL

Will Canada's economy keep stagnating? The recovery has something to prove

A stronger second quarter challenges the story of uninterrupted stagnation. Weak hiring, trade uncertainty and the difference between total growth and living standards still matter.

BY GREY RIVER ASSOCIATES

CANADA / SECOND QUARTER 2026

+0.8%

Real GDP

Change from Q1 2026

+1.0%

Real GDP per capita

Change from Q1 2026

Data graphic: Grey River Associates. Source: Statistics Canada, Q2 2026 data, released August 28.

Canada is not condemned to stagnation, but the evidence does not yet establish a durable improvement in living standards. The latest data describe an economy capable of rebounding, with a labour market and investment outlook that remain vulnerable.

The starting point matters. Statistics Canada reported that real GDP increased 0.8% quarter on quarter in the second quarter of 2026, following a revised 0.1% rise in the first quarter. GDP per capita rose 1.0% as the population declined for a third consecutive quarter. Those results are inconsistent with a claim that output simply kept falling throughout 2026. Exports, household spending and business investment supported the expansion. Statistics Canada, August 28, 2026

Growth is real, but its durability is unsettled

Monthly GDP was essentially unchanged in July. Statistics Canada's advance estimate pointed to a 0.2% increase in August, but that remained preliminary as of October 25; the official August release is scheduled for October 30. Monthly industry estimates and quarterly

expenditure estimates also use different methods, so readers should avoid treating them as interchangeable. Statistics Canada, September 29, 2026

The labour market supplies a less reassuring signal. Employment fell by 68,000 in September after a 42,000 decline in August. The unemployment rate reached 6.5%. Employment was nevertheless 95,000 higher than a year earlier. Two weak months matter, but they do not erase the earlier gains or establish that a prolonged downturn is inevitable. Labour Force Survey, October 9, 2026

For households, this distinction is practical. An expanding economy can still feel stagnant when a worker cannot find a better job, a business postpones hiring or housing absorbs too much income. National output is useful, but it is not a complete scorecard for economic security.

Living standards require more than a larger economy

GDP per capita separates the size of the economy from population changes. Labour productivity asks a different question: how much output is produced for each hour

CAPITAL / CONTINUED

worked. Both help assess whether growth is becoming more meaningful for individuals.

Business-sector labour productivity increased 1.0% in the second quarter. Output rose while hours worked fell. That is encouraging, but a single strong quarter does not establish a sustained trend in productivity, wages or household purchasing power. Statistics Canada's productivity release, September 3, 2026

The useful test over coming quarters is persistence. Repeated productivity gains, investment that improves productive capacity and broader employment opportunities would provide stronger grounds for optimism than one rebound.

The forecast is conditional

The Bank of Canada's July Monetary Policy Report projected real GDP growth of 0.7% in 2026 and 1.8% in both 2027 and 2028. Its recovery scenario rested partly on exports adapting to the trade environment, business investment and a modest housing recovery. Those figures are dated projections, not observed outcomes or a guarantee. The Bank's next full forecast is scheduled for October 28. Bank of Canada's July outlook

More recent information has sharpened the uncertainty. The October Business Outlook Survey found improved sentiment early in the quarter, but most interviews preceded the breakdown of Canada-US trade talks. Subsequent responses indicated weaker export and investment expectations and more cost pressure. Hiring

intentions remained soft. It would be misleading to use the survey's improvement without acknowledging when the responses were collected. Bank of Canada, October 19, 2026

What could change the outcome?

The risks work through identifiable channels. Trade barriers can reduce export opportunities and delay investment. Persistent energy inflation can squeeze households and complicate monetary policy. In September, the Bank explicitly warned that inflation risks had increased while new tariffs made growth prospects less certain. Bank of Canada, September 2, 2026

A practical way to judge the next releases is to ask whether the improvement is broadening. Are gains appearing across industries rather than depending on a few temporary rebounds? Are investment intentions becoming actual spending? Is stronger output accompanied by better employment prospects? These questions connect the statistical recovery to the decisions families and businesses must make.

Our assessment is that continued uneven growth is more defensible than either inevitable stagnation or a confident boom forecast. The second-quarter improvement gives Canada something to build on. Whether that becomes a recovery people feel will depend on sustained gains in output per person, productive investment and employment, rather than the headline GDP number alone.

Research current to October 25, 2026. Forecasts and preliminary estimates are identified in the text.



CAPITAL

Canada's housing recovery is fragile, and uneven

Sales and prices weakened again in September. The national figures point to a stalled recovery, while construction and regional markets tell a more complicated story.

BY GREY RIVER ASSOCIATES

CANADA / SEPTEMBER 2026

-2.3%

Home sales

Change from August

-3.4%

Home Price Index

Change from September 2025

4.9

Months of inventory

Supply at current sales pace

Data graphic: Grey River Associates. Source: CREA, September 2026 data, released October 16.

Canada's housing market has lost momentum again. For households waiting for a decisive recovery, September brought another reminder that lower prices do not automatically translate into affordable mortgages or confident buyers. Yet describing every Canadian housing market as being in the same recession would miss what the latest figures actually show.

The Canadian Real Estate Association reported that September home sales fell 2.3% from August and were 7.7% below September 2025. Its National Composite MLS Home Price Index declined 0.4% during the month and 3.4% over the year. These are different measures: sales describe activity, while the index tracks prices. Together they indicate renewed weakness after several steadier months. CREA, October 16, 2026

A softer market, with large regional differences

National conditions remain broadly balanced. CREA recorded 4.9 months of inventory in September, matching the measure's long-term average. That does not describe a nationwide flood of unsold homes. The price decline also

reflected renewed weakness in Ontario, while gains elsewhere, including the Prairies, Quebec and the East Coast, provided some offset. National averages therefore need to be read alongside local conditions. CREA's September report

For an owner, the relevant comparison is the property type and neighbourhood in which they might sell. A condominium investor, a family selling a detached house and a renter considering a first purchase can face quite different conditions even within the same city.

Construction is a separate part of the story

The new-home market is also subdued, but its indicators do not all move together. CMHC reported 19,984 actual starts in centres with at least 10,000 residents in September, 11% fewer than a year earlier. Year-to-date starts in those centres were down 4%. At the same time, the seasonally adjusted annual rate for all Canadian areas increased to 248,896 from 242,223 in August. The monthly annualized pace is not a count of homes actually started during September. CMHC release, October 16, 2026

CAPITAL / CONTINUED

A construction downturn can also create tomorrow's shortage. CMHC warned that insufficient building during softer market conditions could make recent affordability improvements difficult to sustain. Falling resale demand and an inadequate long-term supply of homes can coexist.

There is another counterpoint to an uninterrupted recession narrative: Statistics Canada recorded a 2.5% quarter-on-quarter increase in residential investment in the second quarter, following two quarterly declines. That rebound covers investment activity, including construction and ownership transfer costs; it does not establish that house prices or sales have begun a lasting recovery. Statistics Canada, August 28, 2026

Borrowing costs remain decisive

CREA's October forecast put 2026 sales at 444,530, down 5.2% from 2025, followed by a projected 4.4% increase in 2027. That is a forecast, not a completed annual result. It depends on modest economic growth and greater clarity about interest rates. The association linked its downgrade to higher fixed mortgage rates and uncertainty about future borrowing costs. CREA's October forecast

The Bank of Canada held its policy rate at 2.25% on September 2. A policy-rate hold does not guarantee unchanged fixed mortgage pricing; the Bank also reported higher long-term bond yields and tighter financial conditions. Its next scheduled decision is October 28, after this article's information cutoff. Bank of Canada, September 2, 2026

What would a durable recovery look like?

The central tension is that cheaper homes help prospective buyers while eroding existing owners' wealth and potentially discouraging construction. Bank of Canada Senior Deputy Governor Carolyn Rogers described this dilemma in October, explaining why interest rates alone cannot resolve housing affordability. Rogers's October 1 remarks

Three measures deserve particular attention: whether sales strengthen without a new deterioration in affordability, whether price changes become less uneven across regions, and whether new construction can continue through softer demand. A rising national average price alone would not answer those questions, because the mix of properties changing hands can alter that average.

A durable improvement would require more than a favourable month of sales: manageable financing costs, resilient employment and enough building to expand housing options. For now, the evidence supports a fragile, geographically uneven market. The next question is whether renewed weakness remains concentrated or spreads as households and builders respond to borrowing costs.

Research current to October 25, 2026. Forecasts and preliminary estimates are identified in the text.

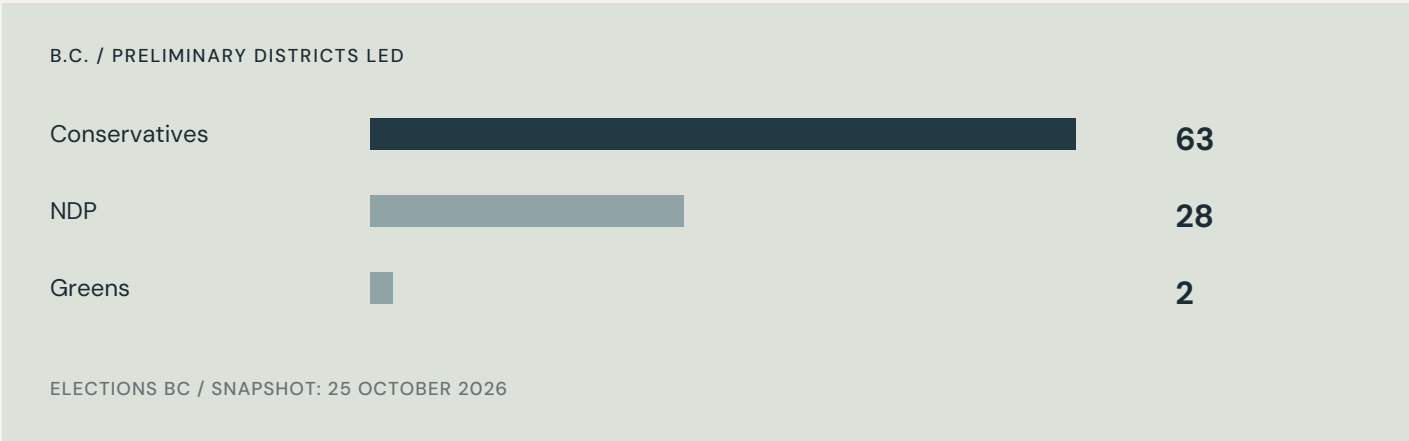


PERSPECTIVES

B.C. has chosen a new government. Can it deliver a stronger economy?

Lorne Doerkson’s Conservatives have won a mandate for change. Tax relief, faster homebuilding and resource investment now face the harder test of implementation.

BY GREY RIVER ASSOCIATES



Data graphic: Grey River Associates. Source: Elections BC, preliminary count, October 25, 2026.

British Columbia has voted for a change of government. Whether that becomes a change in economic performance will depend on decisions that begin after the victory speeches.

Following the October 24 election, the B.C. Conservatives under interim leader Lorne Doerkson are projected to form a majority. Elections BC’s preliminary results, updated October 25, show the party leading in 63 districts, against 28 for the NDP and two for the Greens. The final count is scheduled for November 6. Those are preliminary leads, not certified final seats. Elections BC

Doerkson is set to become premier; the election result should not be confused with a cabinet already sworn into office. David Eby announced he would step down as NDP leader after the defeat. The result creates a clear opportunity to reset provincial policy, but it does not itself change a tax bill, approve a home or finance a new project. CityNews, October 24

The mandate meets the balance sheet

The new administration inherits limited fiscal room. B.C.’s September quarterly report forecast a C\$13.8 billion deficit for 2026-27 and real economic growth of 0.9% in 2026. Both are forecasts, not completed-year results. They describe the starting conditions more usefully than an assumption that a different party can immediately restart growth. B.C. Ministry of Finance

This is the central tension in the incoming programme. Tax relief can improve household finances and the return on work. Better approvals can make investment more attractive. Yet the benefits take time, while government payroll, health care and debt servicing continue every month.

The first budget should therefore be read for its assumptions as carefully as for its announcements. What growth rate makes the numbers work? When does each measure begin? What happens to borrowing if revenues disappoint? A credible downside case would tell businesses more than another confident growth slogan.

PERSPECTIVES / CONTINUED

Tax relief needs an implementation date

The Conservatives campaigned on raising the provincial basic personal exemption from C\$13,216 to C\$32,000, advertising annual income-tax savings of C\$1,000 for nearly every working British Columbian. Those are the party's proposed parameters and its estimate of the benefit, not a universal payment or a change already in force. Conservative tax announcement

For a household, the useful questions are practical: the effective year, eligibility, interaction with other credits and the amount that actually reaches take-home pay. For an employer, greater disposable income may support demand, but it should not be booked into a sales forecast before legislation and implementation are clear.

Nor should a personal tax proposal be treated as a complete answer to business competitiveness. A firm also experiences the province through premises costs, hiring, infrastructure and the predictability of decisions.

Housing is where the programme becomes tangible

The platform proposes reducing construction charges and shortening approval times, while giving municipalities a role in deciding where density goes. It also promises growth accompanied by roads, utilities and public services. Conservative platform, housing commitments

Those objectives need to work together. Local flexibility without dependable timelines can leave builders facing the same uncertainty. Lower charges without a workable infrastructure funding plan can simply move the bottleneck. Faster permission is valuable, but a permission is still not a completed home.

A useful scorecard would track the time from a complete application to a decision, projects that reach construction,

and homes finished where people need them. Buyers and renters ultimately experience the last of those measures. Announcements and approvals are intermediate steps.

Investment requires more than enthusiasm

The party's energy plan targets a doubling of provincial LNG production by 2032 and a tripling by 2035. These are political ambitions, not capacity that has already been financed or built. Conservative energy announcement, September 28

For investors, the question is how a proposal becomes a project with customers, financing, infrastructure and workable delivery arrangements. A favourable political signal can help. It cannot substitute for a sound commercial case. The same discipline applies to provincial expectations of future resource revenue.

The government will also be judged on whether its changes remain predictable. Businesses making long commitments need to understand the rules well enough to price risk, including the risk that a promised reform takes longer than expected.

What would count as success?

Three outcomes would make the change meaningful: households retaining more income under implemented rules, viable homes moving into construction more reliably, and private investment proceeding without fiscal forecasts depending on an optimistic growth surprise.

The election has changed who gets to attempt that work. The first budget, the first housing measures and the first measurable delivery results will show whether it changes B.C.'s economic prospects.

Research current to October 25, 2026. Election figures are preliminary; policy proposals are distinguished from measures in force.

MOBILITY

Britain's wealth exodus: what the numbers actually show

The end of non-dom taxation has sharpened the competition for wealthy residents. But millionaire forecasts, billionaire fortunes and lost tax receipts are three different things.

BY GREY RIVER ASSOCIATES



Graphic: AI-generated editorial illustration / Sovereign

A billionaire's departure makes an irresistible political story. A name, a fortune and a new address seem to provide a verdict on the country being left behind. The harder question is what has actually moved: a household, a tax liability, a business, or simply the place from which an international portfolio is managed.

Britain's wealth exodus

Britain needs an answer more precise than either celebration or panic. A government can reasonably ask long-term residents to contribute on a comparable basis. It must also reckon with people who have credible alternatives. The success of the non-dom reforms depends on the balance between additional revenue from those who stay and the economic contribution forgone when people leave or decide never to arrive.

In April 2026, Forbes reported that billionaire Nassef Sawiris had moved his personal residence from Britain to Italy and Abu Dhabi, and that his investment group had filed paperwork to close its London entity. Such cases deserve attention. They demonstrate that personal and business arrangements can change together, while leaving the national economic cost to be established separately. Forbes' report on Sawiris

A forecast became a political fact

One figure has dominated the argument: 16,500. Henley & Partners published that number in June 2025 as its projected net outflow of UK millionaires for the year. It was a forecast, incorporating arrivals as well as departures, rather than a completed official count. It was also a millionaire estimate, not a tally of billionaires. Henley's 2025 release makes that distinction explicit.

The report defined a millionaire as someone holding at least US\$1 million in liquid investable wealth. Its methodology combined several sources, including a proprietary database, company and property records, and business profiles. New World Wealth described its location statistics as mainly based on work locations. That provides information about mobility, but a business profile is not a tax return establishing residence under UK law.

The report's estimate of the wealth associated with migrants also requires care. It multiplied migration flows by average wealth. Henley explicitly cautioned that people need not take all their assets with them. A total attached to departing residents cannot therefore be read as an equivalent withdrawal of investment from Britain. The 2025 methodology explains both calculations.

There has since been a significant change. Henley's 2026 report does not publish another set of inflow and outflow forecasts. Its new framework assesses the conditions influencing wealthy people's choices, and explicitly does not measure actual migration flows. Henley also acknowledges the danger of attributing complex decisions to a single policy. The old forecast should not acquire the status of an observed result simply through repetition. Henley's explanation of the change is unusually relevant to the British debate.

The official figures have a time lag

HMRC's July 2026 release supplies firmer evidence, but for an earlier period. It estimated at least 81,900 non-domiciled and deemed-domiciled taxpayers in 2024-25, down 1% from the previous year. Their combined Income Tax, Capital Gains Tax and National Insurance liabilities reached £13.6 billion, up 9%. These provisional figures cover the final tax year before the new regime began on 6 April 2025.

Neither side can claim that result as a decisive verdict on the reform. It establishes the scale of the existing taxpayer population and its liabilities; it does not measure the first full year under the new rules. Nor are changes in a tax-status population automatically the same as international migration. HMRC's publication is about people reporting particular tax statuses, not every millionaire or billionaire living in Britain. HMRC's statistical commentary states the period and limitations.

Britain's wealth exodus

The distinction matters politically. A government defending a reform with pre-reform receipts makes the same basic error as a critic presenting a forecast as a measured exodus: both ask the evidence to answer a question it cannot yet settle.

Wealth is not the same as taxable income

Consider an illustrative investor with £1 billion of global assets. That valuation is neither an annual income nor a sum previously payable to HMRC. Departure may reduce future UK tax substantially, slightly, or in ways that emerge only over time. The answer depends on income, realised gains, asset location and the rules applying to the individual. A company's workforce does not automatically relocate with its shareholder. Future decisions about where to build the next business may nevertheless change.

Evidence from an earlier reform shows why the distinction is useful. A May 2025 working paper by Arun Advani, David Burgherr and Andy Summers used UK administrative records to study restrictions affecting long-staying non-doms. It estimated that 4.9% of affected individuals left because of the reform. Among those remaining, reported income and Income Tax liabilities rose by around 50%, principally because foreign income entered the UK tax base. More than half of the induced emigrants still reported some UK income three years later. The study found both a migration response and additional taxation.

That earlier episode is evidence about behaviour, not a guarantee that the 2025 changes will produce the same result. The affected populations, rules and outside options need separate assessment.

Labour's real test is retention and revenue

The current system offers qualifying arrivals relief on eligible foreign income and gains during their first four

years, following at least ten years of non-residence. Longer-established residents face a different proposition. Residence also now determines the scope of inheritance tax on overseas assets, with exposure potentially continuing after departure. These are material changes to family planning, not merely changes in political language. The government's reform summary sets out that architecture.

Official forecasting never assumed that everybody would stay. The OBR's January 2025 explanation of the original costing modelled migration responses of 12% for affected non-doms without trusts and 25% for those with trusts and affected deemed domiciles. It assigned the costing very high uncertainty, reflecting both the tax base and individual behaviour. Those were modelling assumptions, not recorded departures. The OBR's explanation makes that uncertainty visible.

The sensible test is therefore demanding in both directions. Ministers should publish evidence on arrivals, departures and continuing liabilities, alongside investment and business activity. Critics should distinguish personal relocation from corporate relocation and explain which revenue is actually at risk.

Britain should compete for people who create businesses, employment and durable investment. It should also expect evidence before granting permanent tax advantages. Consistent rules, credible transition arrangements and a willingness to correct mistakes would serve that competition better than treating every departure as national ruin or every concern as special pleading.

Research checked on 26 October 2026. Official tax statistics cited cover 2024–25; forecasts and later reporting are identified separately.



CAPITAL

Britain's tax squeeze reaches far beyond the rich

Frozen thresholds and higher employment taxes reach people who have neither a private jet nor an offshore fortune. The government needs to explain who pays, what improves and where the increases end.

BY GREY RIVER ASSOCIATES



Graphic: AI-generated editorial illustration / Sovereign

A government can increase a household's tax burden without changing the income-tax rate on its payslip. It can also raise the cost of employing that household's breadwinner while describing the measure as a tax on business. Both techniques make political promises easier to defend and the economic consequences harder to see.

That is the problem with discussing Britain's fiscal choices mainly through billionaires. The arguments about mobile wealth matter. But a country's ability to fund its commitments also depends on the much larger group who earn salaries, run modest businesses and cannot easily rearrange their working lives across borders.

With the next Budget scheduled for 28 October, the important question is already visible: how much more can government ask of the same taxable activity, and what will people receive in return? This analysis uses rules and evidence available on 26 October 2026. It does not assume the contents of the forthcoming Budget. Commons Library Budget briefing

The quiet increase

The standard personal allowance in 2026-27 is £12,570. In England, Wales and Northern Ireland, the higher rate begins above £50,270 for someone receiving that full allowance. Scotland sets different bands and rates for non-savings, non-dividend income. These distinctions matter: there is no single income-tax example that accurately describes every British taxpayer. HMRC rates and allowances

Consider a simplified employee in England with salary income only, a full personal allowance and no pension deductions or other reliefs. At £50,000, annual income tax is £7,486. At £52,000, it is £8,232. The extra £2,000 therefore generates £746 of additional income tax, before considering National Insurance or any benefit changes. These are illustrative calculations using the published bands, not a forecast of anybody's pay.

A 4% pay rise may look respectable. If it merely matches an equivalent rise in living costs, however, the worker has not become richer before tax. The frozen tax boundaries still take a larger share of the salary.

CAPITAL / CONTINUED

The freeze began under the Conservatives and was extended under Labour. The Commons Library records the 2025 decision to continue it through 2030-31. The policy is therefore a continuing choice by successive governments, not a technical accident inherited from an earlier administration. History of the threshold freeze

There is a legitimate argument for collecting more revenue. There is a weaker argument for presenting an unchanged headline rate as evidence that the burden has not increased. A threshold determines who pays a rate and how much income it reaches. Freezing it is a tax decision.

The employer writes the cheque

Employment taxes create another gap between the legal payer and the person who ultimately bears the cost.

For most employees, the standard employer National Insurance rate is 15% on earnings above the £5,000 annual secondary threshold in 2026-27. On a simplified £30,000 annual salary, that means £3,750 of employer contributions before reliefs or special categories. This is a cost on top of wages. It is not deducted from the employee's salary as employer National Insurance. HMRC employer thresholds

The qualification about reliefs is important. Eligible employers can use an Employment Allowance of up to £10,500 against their liability. A small firm's actual bill may therefore be substantially lower than a calculation based on the headline rate alone. Employment Allowance

Nevertheless, a higher cost of employment must be financed somewhere. A firm can accept a smaller profit, charge customers more, offer less generous pay increases or employ fewer people than it otherwise would. The balance depends on its market, margins and ability to retain staff.

In its October 2024 assessment of the National Insurance increase, the Office for Budget Responsibility assumed that, after adjustment, 76% of the cost would pass into lower real wages and 24% into profits. That was a modelling assumption, not an observed universal outcome or a claim that every employee's pay would fall. OBR assessment, paragraph 3.11

The Bank of England's later business survey showed why that distinction matters. Asked in August-October 2025 how they had responded, 64% reported lower profit

margins, while 17% reported lower wages relative to what would otherwise have happened. Respondents could select several adjustments. The survey describes firms' reported responses, not a clean experiment isolating the tax from everything else affecting the economy. Bank of England, December 2025

The useful conclusion is narrower than either political slogan. Employers bear the statutory charge; employees and customers are not insulated from its consequences.

What the state owes in return

The government's strongest defence is that avoiding tax increases does not make public obligations disappear. Healthcare, pensions, courts, defence and infrastructure require real resources. Abruptly cutting them can impose costs on the same households that tax restraint is supposed to help.

Nor does a large tax take automatically mean that every service is well funded. The Commons Library's October briefing estimates that around £1 in every £13 of government expenditure goes on debt interest. Revenue used to service past borrowing cannot simultaneously pay for a better school or a faster hospital appointment. Commons Library, 22 October 2026

Those constraints strengthen the case for explaining choices. They do not remove the obligation to examine spending, improve delivery or retire policies that fail.

A credible settlement would make the trade-offs visible. If thresholds remain frozen, ministers should explain the resulting rise in household liabilities. If employment becomes more expensive, they should acknowledge the consequences for wages and hiring. And if better services require more revenue, they should specify the improvement taxpayers can expect and how it will be measured.

The opposition faces the same discipline. Lower taxes, stronger services and lower borrowing cannot all be promised on the strength of unspecified efficiency savings.

People do not need to be billionaires to care about the boundary between private earnings and public claims. They need confidence that additional effort is worthwhile, that rules are understandable and that repeated demands for more money come with an account of what the previous money achieved.

PERSPECTIVES

Britain's two-party system no longer fits its voters

A commanding parliamentary majority can conceal a divided electorate. The harder task is turning the power to govern into consent that lasts.

BY GREY RIVER ASSOCIATES



Graphic: AI-generated editorial illustration / Sovereign

Britain's political system can still produce a decisive winner. Its ability to produce a broadly supported government is less assured. The distinction matters to anyone trying to understand why a party can dominate the House of Commons while appearing vulnerable almost everywhere else.

The 2024 general election made that tension unusually visible. Labour won 411 seats, while the Conservatives fell to 121. The Liberal Democrats secured 72, Reform UK five and the Green Party of England and Wales four. These are the results of that election, rather than today's parliamentary party totals. [House of Commons Library](#)

Those numbers gave Labour the means to legislate. They could not, by themselves, establish that most voters shared its priorities, trusted its judgement or would accept the compromises of governing.

The majority and the mandate

Labour took approximately 34% of the vote and 63% of the seats in 2024. Reform's roughly 14% vote share produced about 1% of seats. The arithmetic reflects a system that

awards each constituency to its leading candidate, then assembles those individual victories into a Parliament. It does not distribute parliamentary representation in proportion to the national vote. [Commons Library: voting systems](#)

That arrangement can give a government clarity and room to act. It also makes the geography of support crucial. A party that narrowly wins many constituencies can acquire considerable power; one with substantial support spread across the country can struggle to translate it into seats. [UCL Constitution Unit](#)

The practical danger is treating a parliamentary majority as evidence of broad public consent. A parliamentary majority establishes the authority to govern under the rules. A durable political mandate has to be sustained through persuasion, performance and a willingness to explain costs as honestly as benefits.

Fragmentation complicates that task. When several parties compete seriously, a constituency winner can emerge from a field in which most voters preferred someone else. A government may therefore be secure in

PERSPECTIVES / CONTINUED

parliamentary votes while remaining exposed to several different kinds of opposition outside Westminster.

A recovery is not a restoration

The latest polling also demands more care than a simple story of Labour's collapse allows. YouGov's survey of 2,520 adults in Great Britain, conducted on 18-19 October 2026, put Labour on 27%, the Conservatives on 23%, Reform on 22%, the Liberal Democrats on 11% and the Greens on 10%. Labour and the Conservatives together reached 50%, their highest combined share in that tracker since it resumed in January 2025. YouGov

Ipsos, with fieldwork on 15-22 October and publication on 25 October, reported a stronger Labour position: 32%, against 24% for the Conservatives, 20% for Reform, 9% for the Liberal Democrats and 8% for the Greens. Ipsos

These are separate surveys, with uncertainty, rather than election results or a prediction of seats. Their differences should discourage false precision. Both nevertheless show substantial support beyond the two largest established parties. Labour can recover without restoring the old structure of political competition.

Nor do Reform, the Greens and the Liberal Democrats constitute a single alternative. Support for one does not imply willingness to support the others. Adding their percentages together creates an arithmetic total, not a governing programme. National polling also cannot be read directly into England's local council contests, the devolved legislatures or Northern Ireland's distinct party system.

Distrust reaches beyond Westminster's arithmetic

The Electoral Commission's 2025 public attitudes survey found that 14% of respondents trusted politicians, up from 10% the previous year. Yet 54% believed elected representatives did not care about people like them. Those findings describe attitudes at the time of that research; they are not an October 2026 approval rating. Electoral Commission

The OECD's report published in June 2026, drawing on UK fieldwork in September and October 2025, adds a useful qualification. High or moderately high trust in national government was 33%, an improvement from 27%

in 2023, though below the OECD average of 40%.

Satisfaction with administrative services among recent users had fallen from 74% to 65%. OECD

The picture is uneven. Confidence can recover while everyday experiences worsen. Neither an election victory nor a better polling month settles the argument about whether government works.

Our judgement is that this is the central vulnerability of the established parties. Voters need visible reasons to believe that choosing them changes outcomes. A smaller party can benefit from dissatisfaction, but it eventually faces the same examination: what will it deliver, what will that cost, and which promises will give way when they conflict?

Reforming the rules, earning consent

Pressure to reconsider the electoral system is real. NatCen's British Social Attitudes analysis found support for changing it reached 60% in its post-election 2024 research. The question offered a choice between giving smaller parties a fairer share of MPs and retaining the existing system to produce effective government. It was not a referendum on a specified replacement. NatCen

In September 2026, Prime Minister Andy Burnham announced a national commission on electoral reform. The Commons Library's 7 October briefing said details had yet to emerge. An announcement of that kind begins a process; it does not change the rules for electing MPs. Commons Library

Any replacement should be judged by clear standards: how faithfully it represents voters, how governments can be removed, how constituencies retain a voice, and how governing agreements are explained. More proportional results would still leave parties with difficult decisions about cooperation and compromise.

Better representation deserves serious consideration. It must be accompanied by the less dramatic work of competent administration, credible promises and measurable improvements. Britain's political institutions need to make disagreement governable. Its parties need to demonstrate that governing is worth trusting.

Research checked on 26 October 2026. Polling cited was published through 25 October 2026; survey and election dates are stated separately.

PERSPECTIVES

Labour's credibility problem cannot be solved by another promise

Andy Burnham has given Labour a clearer argument for change. Turning it into a durable government requires an agreement about who pays, what comes first and who delivers.

BY GREY RIVER ASSOCIATES



Graphic: AI-generated editorial illustration / Sovereign

A government can replace its leader faster than it can repair its authority. Andy Burnham became prime minister on 20 July 2026, giving Labour a second opportunity to explain what its time in office is for. The harder task is to make its promises survive contact with budgets, institutions and the people expected to accept the compromises. GOV.UK: Prime Minister

That is the central question before Chancellor John Healey's first Budget, scheduled for 28 October. At this article's 26 October research cutoff, those decisions remain ahead. The test is whether Labour can connect a persuasive account of national renewal to choices it can fund and carry through. House of Commons Library: Budget background

The cost of changing course

The winter fuel payment episode illustrates the difficulty. For winter 2024/25, the government restricted eligibility in England and Wales to households receiving specified income-related benefits. On 9 June 2025, it announced a broader arrangement allowing pensioners with individual incomes of £35,000 or less to retain the payment. The

Treasury expected around nine million pensioners to benefit and put the cost of the change at approximately £1.25 billion. HM Treasury: winter fuel payment announcement

There is a respectable case for revising a policy when its effects or public acceptability become clearer. Refusing to reconsider a poor decision is hardly evidence of competence. But a government pays a credibility cost when it presents a restriction as necessary and then retreats without explaining what changed in its underlying judgement.

The risk is that every subsequent difficult decision becomes provisional. Supporters hesitate to defend it; opponents expect pressure to succeed; administrators prepare for rules that may change again. Ministers can lose room to make sensible compromises because compromise itself begins to look like indecision.

Burnham therefore needs a clearer account of which commitments are principles, which are instruments, and what evidence would justify changing the latter.

PERSPECTIVES / CONTINUED

The coalition inside the promise

Labour has to reconcile voters seeking better services, workers concerned about disposable income, businesses weighing investment and people who depend on public support. These groups overlap. A small employer may also be a carer and an NHS patient. Their demands cannot be separated into convenient political constituencies.

Nor does the economic evidence support a simple story of national collapse. The Commons Library's 22 October briefing reports that Britain shared the fastest GDP growth in the G7 over the first half of 2026 and identifies tentative signs of stronger productivity. It also describes high borrowing and debt-interest costs. Improvement in economic activity has not removed the pressure on government choices. Commons Library: economic and fiscal context

The political problem is one of sequencing. People can support investment whose benefits take years while needing relief from current bills. A government must explain why a sacrifice now is likely to produce a result later, who bears it and what happens if the expected benefit fails to arrive.

This requires a more explicit bargain than a general promise to make the country work. Growth may ease future trade-offs. It cannot serve as the unexplained funding source for every present commitment.

A stronger argument for change

Burnham's care proposal offers a more intelligible bargain. In his 29 September conference speech, he promised a National Care Service, free at the point of use, to be introduced in the next Parliament. He linked its funding to an adjustment to the state pension triple lock from April 2030, while promising to preserve the existing arrangement during this Parliament. These are announced plans, not a care entitlement already in operation. Labour: conference speech

The proposition deserves a serious hearing. Greater security over care could matter deeply to households whose pensions are modest but whose exposure to care costs is substantial. A policy package should be judged across those risks, rather than by considering each transfer in isolation.

It also creates demanding questions. The distributional effects depend on the pension formula, eligibility for care, the services covered and implementation. Promising universal reassurance before specifying those boundaries risks creating another gap between expectation and delivery. A future service also cannot be staffed merely by declaring a new entitlement.

Labour's record supplies a counterweight to blanket pessimism. The Institute for Government's 15 October assessment finds that additional resources and targeted decisions stabilised several English public services and improved some. It also finds that performance often remained below earlier levels and that the wider reform programme lacked sufficient coherence. That is a mixed record with lessons to apply, rather than proof that government is incapable of improvement. Institute for Government: Performance Tracker 2026

The test is execution

Burnham's other major answer is to move decisions closer to communities. The Cabinet's 31 July statement proposes transferring powers, resources and functions to English mayors and local authorities. It recognises that local institutions have different levels of readiness and need the capacity to use new responsibilities. Cabinet Office: *Rewiring the State*

That qualification is essential. Local control can improve coordination and make responsibility more visible. It can also transfer an impossible task from one elected official to another if funding, staff and authority do not follow. Devolution needs a practical answer to who can decide, who can pay and whom residents can hold accountable.

For Labour, credibility now depends on a smaller set of observable commitments. Choose the services whose improvement matters most. Publish the starting position, the resources available and realistic milestones. Explain which existing reforms will continue and which will stop. Make the costs of the new programme visible before its benefits are assumed.

A government earns trust when people can trace a decision through to a result. Burnham has made Labour's ambition easier to understand. Its next task is to make delivery easier to verify.



CAPITAL

France's debt is narrowing its sovereignty

A country can retain the legal power to tax and spend while losing practical freedom over its budget. France's persistent deficits are making that distinction harder to ignore.

BY GREY RIVER ASSOCIATES



France's finance ministry at Bercy, Paris, 23 May 2015. Photograph: Fred Romero / Wikimedia Commons, CC BY 2.0. Cropped for layout.

France's public debt reached €3,595.5 billion at the end of June 2026, equivalent to 119.0% of GDP. The figure covers consolidated general-government debt, including central government, local authorities and social-security bodies. It measures outstanding gross debt against annual economic output. It is neither a bill falling due tomorrow nor, by itself, evidence of imminent default. INSEE, September 29, 2026

It is nevertheless a constraint on sovereignty. Elected governments retain authority to set policy, but servicing old commitments absorbs resources that future voters might prefer to use elsewhere. Persistent borrowing also makes the terms on which lenders will provide new money increasingly consequential.

The problem is difficult to describe as a simple shortage of public revenue. In 2025, French general-government revenue amounted to 52.2% of GDP, while expenditure reached 57.3%. Total revenue includes more than taxes; it should not be confused with the narrower measure of compulsory levies. Even on that broader basis, the gap was substantial. INSEE, annual public-finance ratios, August 28, 2026

There was improvement. The 2025 deficit fell to €152.5 billion, or 5.1% of GDP, from 5.8% in 2024. INSEE

attributed the reduction largely to stronger revenue growth, supported by new measures, while expenditure growth slowed. A smaller deficit is progress. It still leaves the government borrowing heavily to finance the difference between its annual spending and receipts. INSEE, annual government accounts, May 29, 2026

Large spending totals cannot establish that every programme is wasteful. Public expenditure includes pensions, healthcare, social benefits, wages and investment. Those commitments have beneficiaries and purposes. Any credible reform must examine them individually rather than assume that the entire adjustment can be found in an undefined category called bureaucracy.

The reverse argument is equally weak: the existence of valuable programmes does not justify every additional euro. At this scale, government should demonstrate that spending achieves its stated purpose, that overlapping responsibilities can be defended and that commitments remain affordable under realistic assumptions. Appeals to the importance of public services should increase scrutiny of how they are funded and delivered.

Debt service makes the trade-offs more concrete. General-government interest expenditure was €64.7

CAPITAL / CONTINUED

billion in 2025, according to INSEE. That amount is already included in total public expenditure; adding it again would exaggerate the bill. Interest compensates lenders for financing past borrowing, while leaving principal obligations to be repaid or refinanced. INSEE, expenditure by public administration, August 28, 2026

A rise in market interest rates does not immediately reset the cost of all outstanding debt. Agence France Trésor reported an average remaining maturity of eight years and 158 days for the state's negotiable debt at September 30, 2026. That stock is narrower than the general-government total. The maturity structure spreads refinancing through time, helping explain why changes in borrowing costs feed into budgets gradually. New deficits still require financing, and maturing securities still have to be replaced or repaid. Agence France Trésor, figures at September 30, 2026

This gradual process can make the politics deceptively comfortable. A government can postpone difficult choices while the full cost of previous decisions has yet to appear. By the time interest consumes more revenue, the adjustment may require larger tax rises, deeper spending changes or less investment than earlier action would have required. That is a risk created by the financing structure, not a prediction of a particular crisis date.

France's place in the euro area also matters. The government cannot simply direct the European Central Bank to finance its deficit. EU rules prohibit direct central-bank credit to governments and purchases of their debt in the primary market. Monetary-policy operations do not remove that basic restriction. European Central Bank, Annual Report 2025, section on monetary financing

The distribution of adjustment therefore deserves scrutiny before the next fiscal emergency. Higher taxes can be designed progressively, and wealthy taxpayers should comply fully with the law. But announcing that somebody rich will pay does not establish how much a measure will raise, how durable the receipts will be or whether they can finance a permanent commitment.

Nor does a rising debt ratio prove that a broad wealth tax is inevitable. Governments retain choices over expenditure, tax design, enforcement and policies affecting growth. The risk is that unresolved deficits make successive claims on private income and property more politically attractive. Citizens have reason to demand clear limits and credible costings before temporary fiscal necessity becomes a recurring explanation for expanding the tax base.

Borrowing can be justified by emergencies or productive investment. Its democratic weakness emerges when it becomes a routine way to promise benefits without explaining their eventual cost. Future taxpayers inherit obligations they had little opportunity to assess.

France's sovereignty will be strengthened by making those choices explicit: which commitments take priority, which must change, how they will be paid for and what evidence will demonstrate progress. Each budget that evades those decisions leaves a smaller range of affordable choices to the next one.

Research current to October 26, 2026. Quarterly debt figures refer to June 2026; annual revenue, expenditure and deficit figures refer to 2025.



PERSPECTIVES

France's unrest and the price of lost public order

Rioting exposes a failure in the state's most basic promise. The people least able to escape disorder have the strongest claim to reliable protection.

BY GREY RIVER ASSOCIATES



Place de la République, Paris, 27 March 2023. Photograph: besopha / Wikimedia Commons, CC BY 2.0. Cropped for layout.

A person who pays taxes, follows the law and opens a shop in the morning should be able to expect that it will still be there at night. That expectation is one of the foundations of political legitimacy. When it becomes uncertain, arguments about the size of the state acquire a much more immediate meaning.

France's October unrest has made that obligation difficult to ignore. Reuters reported rioting and looting in Paris, Marseille, Lyon and other cities on October 17. The government subsequently acknowledged failures in its response and announced a larger security operation for the following weekend. Reuters, October 20, updated October 21, 2026

The chronology matters. The October 24 demonstrations were substantially calmer, although clashes and some looting still occurred. Le Monde's reporting describes a second weekend that did not reproduce the first weekend's violence. Any account of France as a country in uninterrupted nationwide insurrection would misrepresent that distinction. Le Monde, October 25, 2026

The improvement deserves recognition. It also raises the standard against which the government should be judged. Restoring order after a destructive weekend is necessary. Maintaining it consistently, while allowing peaceful opposition, is the more demanding task.

Disorder has a distributional cost. A wealthy household can purchase private security, work elsewhere or leave for another residence. A shopkeeper with one premises, an employee whose shift depends on that shop, or a family relying on a local public service has fewer alternatives. Their freedom depends heavily on institutions working where they already live.

Damage to property is therefore a matter of ordinary livelihoods. A destroyed vehicle can mean a lost route to work. A damaged library or municipal office can remove a service from residents who did nothing to provoke the confrontation. Insurance may reimburse part of a financial loss; it cannot reimburse every missed appointment, interrupted school day or abandoned business plan.

PERSPECTIVES / CONTINUED

France has documented this burden before. The Senate's inquiry into the June 2023 riots recorded damage to shops, town halls, schools and other public facilities. Citing France Assureurs, it put insured losses at €793 million and warned that the figure was incomplete. Uninsured property and costs left with municipalities meant the full bill was larger. These are findings about 2023, not an estimate of October 2026's losses. French Senate, report published April 9, 2024

That history supports a practical criticism of romantic accounts of street violence. Destroying the institutions and businesses serving a neighbourhood imposes costs on people with little influence over national policy. Grievance can explain a confrontation without excusing what participants do to other people.

The same standard applies to the government. Authority to deploy force carries an obligation to distinguish violent offenders from peaceful demonstrators, act proportionately and investigate misconduct. Treating every critic as a security problem can make lawful political participation seem futile. Allowing violence to proceed unchecked makes obedience to the law seem unrewarded. Both outcomes weaken confidence in public authority.

On October 19, Prime Minister Sébastien Lecornu described targeted, partial curfews and the protection of people and businesses. He explicitly rejected the idea of putting all Paris under curfew and acknowledged the need to preserve the right to demonstrate. Those were the government's stated intentions; implementation must be judged separately. Prime minister's crisis briefing, October 19, 2026

The distinction between public institutions and political leadership also matters. CEVIPOF's survey released in February 2026 found confidence in the police at 73% and in hospitals at 79%, against 22% for politics generally. These figures predate the October unrest. They cannot establish how opinions changed during it, but they challenge the idea that French society had already rejected every institution. CEVIPOF, February 9, 2026

The evidence supports concern about repeated failures of protection and political trust. A claim that social order has collapsed across an entire country requires much more: sustained inability to enforce the law, operate essential services and resolve disputes through institutions. Dramatic images alone cannot establish that condition.

A useful response would make the state's performance visible. Residents should be able to see how quickly damaged services reopen, whether victims receive assistance, how cases progress through the courts and whether complaints about policing are resolved. Announcing deployments is easier than showing that a neighbourhood can return to ordinary life.

For sovereignty, the implication is direct. Government asserts authority over citizens' earnings, property and conduct. Those claims should carry reciprocal duties. The legitimacy of a powerful state depends in part on whether people can rely on its protection without buying an expensive private substitute.

The test of recovery is the ability to run a business, travel home and disagree with the government without fear. France's citizens are entitled to expect all three.

Research current to October 26, 2026.



PERSPECTIVES

California's 5% wealth tax and the limits of government

Billionaires deserve scrutiny. So do governments that treat growing budgets as a claim on more private wealth. California and New York put fiscal discipline and personal sovereignty to the test.

BY GREY RIVER ASSOCIATES



California State Capitol, Sacramento, 2 April 2026. Photograph: Quintin Soloviev / Wikimedia Commons, CC BY 4.0. Cropped for layout.

Billionaires do not need another sentimental defence. A vast fortune is neither proof of virtue nor an exemption from contributing to the society that makes private enterprise possible. Courts, infrastructure, education and public order have economic value. Wealth should buy neither immunity from taxation nor privileged access to the people who write the rules.

But the public deserves something better than a contest between billionaire self-interest and government self-exoneration. A taxpayer's ability to pay does not settle whether a particular tax is justified. And disliking the people who would pay it does not remove the obligation to examine the power being created.

California's proposed 5% wealth tax brings that distinction into focus. Proposition 40 is on the November 3, 2026 ballot. As of October 25, it remains a proposal, supported by SEIU United Healthcare Workers West, rather than an enacted tax. It is a voter initiative, not evidence that every part of California's government supports it. California Secretary of State

The measure would impose a one-time levy on covered billionaire wealth, linked to California residence on January 1, 2026, with payment due in 2027. Real estate, pensions and retirement accounts would generally be excluded. Ninety percent of the proceeds would support healthcare. The official analysis anticipates tens of billions of dollars in temporary revenue, alongside a possible continuing reduction in income-tax receipts of less than \$1 billion annually as taxpayers respond. These are estimates, not money already collected. Official voter analysis

The 5% applies to the taxable stock of wealth. It is not a 5% charge on a year's investment return. For individuals, the rate phases in between \$1 billion and \$1.1 billion. A person with \$2 billion of taxable net worth at the full rate would therefore face a \$100 million charge, before applicable adjustments. The proposal specifies a December 31, 2026 valuation date. Proposed law, sections 50301 and 50308

The measure also exempts its revenue from existing constitutional spending limits and school-funding requirements. Voters are therefore being asked to approve

PERSPECTIVES / CONTINUED

both a new claim on wealth and exceptions to rules governing the proceeds. Official voter analysis

A billionaire can afford a great deal. That observation answers very little about the appropriate boundary of government.

Democratic government necessarily involves voting on taxes, including substantial ones. There is nothing inherently illegitimate about that. The harder question is whether an electoral majority's approval supplies a sufficient justification for any burden placed on a small minority. Predictability, proportionality, equal treatment and constitutional limits still matter.

The January residency date is particularly significant. Voters would make their decision in November using a connection established ten months earlier. The concern is the reliability of the rules under which people make decisions about where to live and build a business. A system becomes harder to trust when a past connection can acquire a substantial new financial consequence.

California also needs to explain its spending.

The state's enacted 2026-27 plan provides approximately \$351.7 billion in state-funded expenditure, including bond funds and excluding federal funds. General Fund spending alone is about \$251.5 billion. Its three largest General Fund taxes are forecast to generate \$226.4 billion. Nevertheless, the Legislative Analyst's Office reports an administration-estimated operating deficit of \$18.5 billion for the year. The enacted budget balances across years partly by using accumulated balances; that does not eliminate the annual mismatch. *LAO spending-plan overview*

Those figures describe a government with enormous resources and substantial obligations. A large revenue total does not prove that every service is adequately financed. It does establish that "we need more money" is an incomplete account of the problem.

The growth deserves scrutiny. In April, the LAO examined the rise in General Fund spending from \$146 billion in 2019-20 to \$248 billion in the governor's then-proposed 2026-27 budget. Spending growth exceeded inflation and population growth. The explanation was more complicated than administrative extravagance: healthcare demand, programme utilisation, ageing, education formulas and the cost of sustaining existing services all mattered. Roughly 80% of the increase in local

assistance, one major category, maintained services rather than expanded them. *LAO analysis of spending growth*

That qualification strengthens the case for reform. If existing commitments repeatedly grow faster than dependable revenue, a government must examine the commitments, delivery costs and funding structure. Labelling expenditure "ongoing" does not exempt it from judgment. Nor does a worthy programme become efficient simply because its beneficiaries need help.

California's homelessness record offers a concrete example. A 2024 state audit noted nearly \$24 billion allocated to homelessness and housing over five fiscal years. Of five programmes examined, two appeared cost-effective; three lacked sufficient outcome information for the auditors to assess their cost-effectiveness. That finding does not mean \$24 billion disappeared. It means the state had committed substantial resources without adequate evidence to judge important parts of the effort. *California State Auditor*

A state willing to scrutinise private wealth should be at least as determined to measure what public expenditure achieves.

The funding design raises a further problem. A one-time levy can finance a temporary response to a crisis. It cannot permanently reconcile recurring promises with recurring revenue. The healthcare needs may be real, and federal funding reductions are part of the proponents' case. But a temporary injection still requires an explanation of what happens when the money runs out.

New York City offers a related lesson through a different set of taxes.

The city's resident income-tax schedule already reaches 3.876%, on top of state income tax, whose highest statutory rate is 10.9%. These are marginal rates with different thresholds, not the percentage every resident pays on all income. Mayor Zohran Mamdani advocated an additional two percentage points for New Yorkers earning more than \$1 million. That proposal should be distinguished from the existing rate schedule. *New York tax schedules, mayor's January remarks*

More revealing was the alternative presented in February. Without new revenue authority, the mayor's preliminary budget assumed a 9.5% increase in property-tax rates, projected to raise \$3.7 billion. This was a proposed increase in the rates, not a tax equal to 9.5% of a home's

PERSPECTIVES / CONTINUED

value. The increase was subsequently withdrawn before adoption. Preliminary budget announcement, City Council's June agreement

Its withdrawal matters. It also leaves an instructive political sequence: a debate about taxing the richest included a fallback reaching a much broader property base. The boundary between "someone else will pay" and ordinary household exposure can become negotiable when the budget is under pressure.

New York did enact an annual surcharge on certain expensive properties that are not primary residences. For its first two years, the thresholds differ by property type: more than \$5 million in Department of Finance value for one- to three-family homes, and at least \$1 million in DOF value for co-ops and condominiums. These valuation methods differ; the latter figure should not be mistaken for a simple \$1 million sale-price threshold.

Primary-residence exemptions apply. NYC Department of Finance

There is a defensible argument for asking owners of expensive secondary homes to contribute more. There is also a reasonable question about how many additional layers of taxation can be presented as the final missing contribution.

The city's adopted FY2027 budget totals \$125.84 billion and forecasts \$88.67 billion in tax revenue. Its comptroller nevertheless identifies an unresolved gap between recurring expenditure and recurring revenue, with \$6.07 billion in temporary measures used across the budget cycle. The same report credits the administration for recognising costs previously understated or omitted. Fiscal honesty is progress; durable financing remains unfinished. NYC Comptroller's adopted-budget review

The proposal does not establish that everyone's savings will eventually face a wealth tax. Its statutory amendment provision requires two-thirds support in each legislative house and consistency with the act's purposes. Ordinary taxpayers would not suddenly owe 5% of their savings. Its administrative reach is broader: resident income-tax filers would have to declare net assets at or below the

billion-dollar threshold or provide the required tax information. Proposed law, sections 50301 and 50310

The concern is a political precedent. Once accumulated capital becomes an accepted answer to recurring fiscal pressure, future campaigns can argue for another levy, a lower threshold or fewer exclusions. Those changes would require further lawful action. They are possibilities to scrutinise, not outcomes to announce as inevitable.

Property taxes already demonstrate that taxing ownership is not new. The larger issue is cumulative exposure: income when earned, transactions when assets change hands, property while held, and potentially a wider claim on net wealth. Each charge may have a plausible justification. Citizens are entitled to assess the combined burden and the quality of government it purchases.

That is where sovereignty becomes practical. The state needs fiscal capacity to govern. Individuals need enough predictability and control over their resources to make meaningful choices. Personal sovereignty cannot mean consuming public benefits while refusing any obligation to fund them. Neither should democratic sovereignty mean that private capital is permanently available to cover whatever the public sector has committed to spend.

Mobility complicates the bargain. People able to reorganise their lives across jurisdictions have options unavailable to households tied to jobs, family and homes. If a tax weakens the future revenue base, those with fewer options can inherit the adjustment. The scale of that response is uncertain; it should be estimated rather than dismissed or exaggerated.

The appropriate standard is demanding in both directions. Enforce taxes fairly. Challenge privileged treatment and evasion. Require governments to publish credible programme outcomes, distinguish temporary resources from permanent funding, explain the aggregate burden and revisit commitments that cannot be sustained.

Billionaires should have to justify their privileges. Governments should have to justify their claims. The public owes neither group a blank cheque.



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Nathan Elliott Shantz

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SOVEREIGN

A world of choice.

Independent perspectives on economic freedom,
place and the power to shape a life.

BY GREY RIVER ASSOCIATES

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