

## That party is over: we need a new one

Published: January 13, 2026, 12:08 pm

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It has struck me, as I think it has others, that the current financial crisis is a challenge to what we perceive ourselves to be as a nation state here in the UK.

It is very obvious that some of the plans that must be curtailed if we are to tackle the current budget deficit are issues that support national prestige, and bolster our supposed status within the world hierarchy.

Trident is a sign of the status of the UK in the defence agenda of the 1960s — a reflection of our post World War II status. But we are not such a state any more. We're just another European country. And Trident is, any way symbolic of wars that will thankfully now never be fought.

The planned new aircraft carriers that will cost further billions are similar symbols of naval power that represent an era long gone. Put bluntly we no longer need an Ark Royal.

And national identity cards fight a terrorism war in a way that can never be won. More than that though, there's a good chance they will either not work, or be irrelevant in achieving any realistic security goal.

But there is more to it still. We are trying to support the world's largest finance centre — but it's not clear we have the resources to do so — and it's not clear it wants to pay for the privilege either.

I have said before that I do not think it possible to put Humpty Dumpty back on the wall again: the Humpty Dumpty of finance that existed before August 2007 is broken and irreparable. It helped pay for Britain's vanity. Some of the vanities are closely associated with defending the image of life that created the foolhardiness that led to the crash.

The UK is facing a budget crisis. I won't dispute it. But a crisis is a time to review your assumptions. The assumptions that underpinned our budget must be appraised now. The follies must go. Amongst them might be the excess of the finance industry. The

belief that money can be made out of money has always been wrong: it cannot be. I do not dispute that ensuring capital is available for projects that need it is an essential and worthwhile process. But that is something quite different from speculation. And the liquidity required for the former is vastly, vastly less than the liquidity required for the latter.

Materially I expect some of us, at least, to be worse off in future. I suspect there will be little loss of well-being as a result. Candidly, much of what we now consume makes little contribution to well-being at all. We survived without most of the fripperies very happily not long ago.

This is part of the reality of facing up to what has happened: economically, politically, socially and environmentally our budget crisis is giving us the clearest signal — that we cannot go on as before. But it is not being heeded. That is the biggest problem of all. And change in perception is the precondition of recovery.