

On Lloyds

Published: January 13, 2026, 12:41 pm

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I was in Derry in Northern Ireland yesterday to attend the conference of the Northern Ireland Committee of the Irish Congress of Trade Unions.

The purpose for my attendance can be simply summarised. It was to say that the prevailing hegemony that cuts are inevitable can be, must be, and (I can assure you) will be challenged.

Whilst there I also gate-crashed the studios of BBC Radio Foyle to make an appearance on the Jeremy Vine show ([link here](#), the segment was the first up on the programme — start about 7 minutes in, I guess). I was asked on to discuss whether shares in Lloyds Banking Group should be sold now — the first time they have shown a profit since they were acquired by the government.

I argued that now is quite emphatically the wrong time to sell them.

First, the bank remains very unstable — it's only just made a profit.

Second its balance sheet restructuring is incomplete.

Thirdly, it is still not lending enough and selling it cannot help this objective.

Fourth, a new government has to decide whether it is time to reform banking or not — which is an imperative for a recovery and no sale can be made before then.

Fifth, to sell now would be a return to the casino mentality of short term speculation. The government has a duty to show that now, of all times, it can understand the need for long term commitment to investments to ensure the stability of the economy, and to show faith that investing is for long term returns, not short term gains in which real wealth is thrown away for immediate cash gain.

None of this was accepted by Matthew Sinclair of the Taxpayer's Alliance.

His argument was we must sell now before the Greek crisis flows over Britain and the value of the shares falls again as we dip into depression.

I noted two things. First his confidence. Second his absolutely inability to spot that if this happens we'd be back into rescuing the banks all over again, giving very good reason for not selling now.

They really are bears of very little brain, and a might lot of wholly incorrect dogma at the TPA. Still, I guess it saves them thinking before sending out yet more of their drivel to be lapped up by the Mail and Express.