

It's time to plan for the imminent banking collapse - a...

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The next banking crisis is not being deferred as George Osborne hoped. It's very clear that sometime sooner or later Greece is going to default. The hope is that it is done in orderly fashion with political stability maintained: the risk is that will not be achieved. If a Euro exit can be negotiated then Ireland and Portugal will follow suit, and maybe Spain and Italy too (Berlusconi's grip on power is fading and with it unity and the capacity to manage its debt).

All of this means that the capital of our banks is at threat again. Insolvency is almost inevitable once more. Let's not beat about the bush: the risk that it's going to happen is very real. It's not certain. I attach no probability on a date. But it looks likely.

I sincerely hope we are better prepared this time.

We will need to nationalise. Let's not pretend otherwise.

And we will need to print money - to do quantitative easing to ensure that they're solvent.

But this time we need to do more than that: we need to ensure that the money is then re-sued in the real economy. That's why nationalisation will be important - short term shareholder interest must not divert funds this time. There is a way to do that - [explained here.](#)

And this time we will need to reconvene Bretton Woods. The challenge we face is as big as that in 1944: we have a broken system and a need to build afresh. We have to ensure we get it right. The re-emergence of neoliberalism so soon after 2008 has plunged us into the current crisis. Surely it's time to move on collectively and start without the encumbrance of that failed thinking?