

Funding the Future

Article URL

Published: January 12, 2026, 5:27 pm

Almost exactly four years ago the global financial crisis began when a French bank realised it could not longer price assets.

Within weeks Northern Rock had failed.

Within a year or so Lehman failed and the world's banking system came close to falling off a precipice. For a few months, maybe a bit over a year under the leadership of Gordon Brown (his moment of glory, beyond doubt) the world economy was pulled back from that brink. Keynesian policy ruled, and worked.

Then the neoliberals reclaimed control. The UK's newly part nationalised banks were put back under the control of bankers, extraordinarily. Austerity to cut deficits became the key word, even though a minority - and I'm proud to have been one of them - said that could never work. The problem ceased to be viewed systemically: it just became a matter of each for their own again.

So the problem of banking was to be solved by living wills for banks. No one thought about whether a living will for the banking system was needed. And national debt became an issue for national governments, even when those governments shared common currencies. Business as usual was restored: contractual obligations were to be maintained at all costs; bondholders rights were not to be violated even if the relationship of trust between states and their populations was to be trashed as a consequence, and all, it was claimed would be just ticketyboo as a consequence.

Except, of course, it wasn't. As is now all too clear.

The feral economy I [referred to on Wednesday](#) was allowed to be rampant again: the demand to feed it with, for example, new pensions contributions to make good the cost of the crash was made, and cash was delivered to it. Major corporations, seeing their markets vanish before their eyes as demand dried up stashed their cash in this economy beyond the economy, and prayed that this myth - built on the promise to pay backed by nothing more than the hope that governments would stand behind banks in the event that all else failed - could be sustained. And with that cash entrusted to their coffers the banks began to play again, aided and abetted by misdirected quantitative

easing that went to banks and not to fuel investment in the real, productive economy.

The volume of trading in world currencies went up.

The value of commodities rose, enormously.

Inflation resulted.

Speculation even drove up stock markets to around pre-crash levels.

Banking bonuses boomed.

All seemed well in the City.

But bit wasn't. This was a period of remission. Nothing more. The cancer - the disease at the heart of the system - remained.

That disease is at the core of the neoliberal plan, unleashed by Thatcher and Reagan in 1980. The aim was simple: it was to increase the share of prosperity of the world's wealthy elite at cost to labour, whose interests had improved ever since the second world war. The plan worked. As a share of GPF labour enjoyed 58% in 1980. It is 53% now. Now wonder real wages stagnated, markets and wealth for the tiny few who fed them expanded rapidly. And no wonder that most people borrowed more - from the very people who were taking away their livelihoods and claiming it for themselves.

There will be much talk about global imbalances over the next few days and weeks, and such things exist. But at its core there's this truth: not enough is being paid to labour for what it does and too much wealth has been claimed by capital for doing nothing more than speculation. Dammit, capital has even failed to deliver a great deal of capital formation or even innovation. The PC and Internet apart nothing in the last thirty years has been as important for most people's lives as clean water, antibiotics, the washing machine and car, and you could reasonably argue that neither the PC or Internet have actually been as important as any of them. That's how badly capital has failed.

So the model is bust. Now the remission is over. The end game for neoliberalism has begun, I think. This model can no longer work. It's time to rebuild a new.

There will be more on the rebuilding later.