

When the world is suffering a glut of capital it needs ...

Published: January 13, 2026, 1:28 pm

The FT carried a fascinating article by John Authers today in which he quite convincingly argues that there is a glut of capital in the world. [As he puts it:](#)

What happens when there is too much capital? It may be a good problem to have, but it demands solutions that the world currently lacks.

Measure capital as the sum of all financial assets and, according to the management consultants Bain & Company, global capital tripled between 1990 and 2010 — driven by financial wizardry, and increasing leverage. As financial services groups introduced new products, and populations looked for new ways to save, the supply of financial assets outstripped growth in the underlying economy.

Just think about that for a moment. Not only has the world increased its capital threefold in twenty years - and according to Authers is still doing so and yet if you listen to big business what is vital is that tax on capital be reduced because it is in such short supply.

No it isn't! There is a glut of it and as Authers argues:

Crowds can of course go mad. But too much capital is seeking a home, and the risks of misallocation are clear. It is worth looking for new ways to guide that capital.

I agree. The first way is to direct it into the Green New Deal. That can be done voluntarily, as a condition of pension tax relief or by tax itself. But the one thing we can be sure of is that better use and higher returns will be made than if it is left to the whims of market speculation.