

Funding the Future

Article URL

Published: January 12, 2026, 4:57 pm

I have this morning [already noted](#) that today marks the tenth anniversary of the collapse of Northern Rock. I have also noted that I have been engaged on that and related issues on this blog ever since (this will be the 14,390th posting of an article on this site). I will be discussing what I have learned in a discussion at the Royal Society of Arts this evening. I will also be offering my explanation as to where we are now, a decade on.

This last part is the easy bit and the element I will focus on. The simple fact is that we are in denial. What we're in denial of is three things. The first is that the world did change. The fact is that the banking crisis did signal the end of neoliberalism: whatever it might have promised failed with the queues at Northern Rock and the subsequent collapse of Lehman. It was simply not possible thereafter to suggest that light touch, unfettered market capitalism where competition could supposedly ordain the correct allocation of resources for society was tenable as a basis for organising society. It had showed that it did not work; that it externalised its costs and that it imposed burdens far greater than any supposed benefits it could deliver. And yet we remain in denial on that fact: the political aim of most policy since mid-2010 (but not in 2008 to 2010) has been to restore neoliberalism to its perch, and that cannot and will not happen because it is impossible to do.

The second thing we're in denial about is the fact that policy and politics have been in conflict since 2010. Quantitative easing is the obvious example of this. If markets worked it should not have required £435 billion of government created money to keep the financial system solvent and flowing since 2009, but it has, and that intervention did not produce inflation (the current bout of inflation being Brexit and not QE created). The government has stepped in, because it has had to. The failure of austerity, or perhaps the inability of government to deliver the balanced budgets it promised, is the second indication of this. Whatever the political will, the fact is realpolitiks did not permit austerity in the way neoliberalism continually demanded. The real world is not the same as the space the policy wonks and their ministerial adherents think it is, but this is still denied, not least [by the Bank of England](#).

Third, there has been outright denial. An outright denial of the fact that money has been [printed to keep the economy afloat](#). And an outright denial that government debt

is not in excess of £1.7 trillion as a result (88% of GDP) but is instead £1.3 trillion, or 66% of GDP because the government simply cannot owe itself money and it owns £435 billion of its own debt. Just as there has been a denial that cutting staff at HMRC might have contributed to the tax gap, and that this was a policy choice. And a denial that austerity has not worked, which as a result requires that the government keeps saying it will deliver it even when it so obviously cannot and it is so harmful to keep trying to do so.

This combination of failure, a refusal to acknowledge it and a consequent denial of the facts that are so obvious that they really cannot be avoided is toxic. These factors are in themselves the risk that we now face. Unless we are willing to look for new economic models, embrace them, tell the truth about what they require of us, and plan to use them to best effect we simply set out to fail. And that is what is happening, aided and abetted by the fact that behind this whole process of denial there is a toxic risk that is not being addressed, which is that the debt that created the 2007 crisis can still be tolerated now. It cannot be.

Debt is a measure of a wealth divide: those who have not owe to those who have. That's what it is all about. There is no more or less to it than that. And at the end of the day that is what has to be corrected, which is why the toxic finance system that continues to create and fuel the growth of that debt has to be addressed. But right now denial is not letting that happen. And that's where the basis of the next crisis will be found.