

Street cafes are not the answer to the UK's economic pr...

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The surreal nature of this government's thinking is evidenced by the fact that it [plans to introduce legislation](#) to the Commons today, that it wants passed in days, to permit the opening of more street cafes and licensed pub car parks whilst permitting relaxed rules on car boot sales and fairs. This, apparently, is the way the economy is going to be stimulated back into action.

The logic behind this is fairly bizarre. First, it would seem that the intention is to permit, and even encourage, people to get so drunk that they do not notice the mess that we're in, or which is to come.

Second, it implies that the government really does think very small indeed, probably because it's incapable of thinking big.

And third, and potentially much more seriously, it suggests that they still cling to the idea that all that holds the market back from delivering nirvana is government interference, and that if only they could eliminate this pesky meddling by local authority licencing officials all would be well with the world post-Covid.

Reflecting on these, on the first suggestion they are right: some will get drunk and increase demand in the NHS.

On the second point, the condition is terminal and probably untreatable.

The third is the big concern, because they are wrong. There is no market-based solution for the UK's current malaise. The evidence is readily available, and is in the form of the savings glut.

For many the idea that there is a savings glut is almost unfathomable when debt seems to be the world's problem. But the reality is that the two are related. A majority of people have too little income. For them debt is now their concern. But some have so much income that they save, in considerable amount. As inequality increases - and wealth inequality is increasing - the problem becomes more extreme.

On the savings side the issue multi-parts but all indicate one problem. First, savings are rising. Second, savers are intensely risk-averse. Third, savers can find nothing better than cash or gilts to save in right now, despite the incredibly low interest rates. And, fourth, those same low rates are not encouraging business to do anything more than refinance existing debt or fund losses. Actual job-creating investment in real activity is virtually non-existent. Business is also completely risk-averse and, anyway, bereft of ideas. The wall of money within the savings glut is not producing market-based activity.

But what that means is that no amount of supply-side reform -which is what this planning bill delivers - will deliver economic growth right now. There is very little economic evidence to suggest that any supply-side reform will now address any known economic problem: it would seem that all desired economic activity in the UK is currently being funded at very little capital cost without the assistance of such changes. The economic rationale for them is, then, very hard to discern. And yet we can clearly see is that this is what the government wants to deliver.

It's a plan destined to fail, very badly.