

Funding the Future

The world is awash with money, but none of its owners w...

Published: January 15, 2026, 9:25 am

The FT has two articles today that suggest that the penny is dropping at there that cash flow is king, and that the pile of corporate debt being taken on by business as a result of the coronavirus pandemic may cause massive business problems for a long time to come.

As the [Lex column noted](#), commenting on the UK situation:

A return to full UK lockdown aims to save lives. The inevitable consequence will be an increase in business collapses. Britain's smaller businesses are most exposed. Many have only survived thanks to government support. A new £4.6bn support package announced by chancellor Rishi Sunak will do little to stem casualties.

They added:

The new measures are a drop in the ocean compared with the £200bn of aid that has already been taken up by UK business. Government-backed loans and VAT deferrals are increasingly at risk of never being repaid. Businesses able to continue will carry burdens that stifle investment, slowing recovery.

I have been saying this since last March, when it was obvious that this risk existed. Finally, they have noticed.

The same issue is being noted in the USA, apparently. [Another article](#) notes that:

While stimulus measures and borrowed money could help keep companies stay afloat, it would not secure their futures if they struggled to return to profitability, [debt specialist Howard] Marks said. "Even borrowers that eventually are profitable may find themselves over-levered after the pandemic and struggle to service their debt," he said.

He's right, and he was talking about the large corporate sector: it makes no difference because loans that fund losses crush the capacity to invest. This is why I have for so long during this crisis been calling for capital investment and not loan provision.

And what's the outcome? Try this from the World Bank, [also noted in the FT this afternoon](#):

Even before coronavirus hit, global growth had been expected to slow over the next decade, due to under-investment and shrinking labour forces in advanced economies. The pandemic is likely to worsen this slowdown, doing lasting damage to health, education and corporate balance sheets, the World Bank said.

It added:

Without comprehensive reforms “if history is any guide, the global economy is heading for a decade of growth disappointments”, it said.

It's possible that they might be over-optimistic.

The world is awash with money, but none of its owners want to assume any risk, from government onwards. Such is the nature of modern capitalism: everyone else has to assume the downside bar the capitalist. The poverty within that thinking is coming home to roost.