

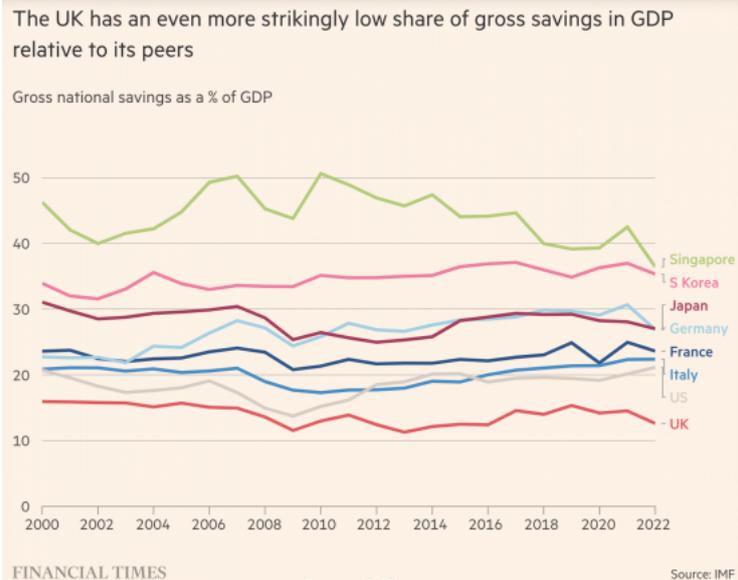
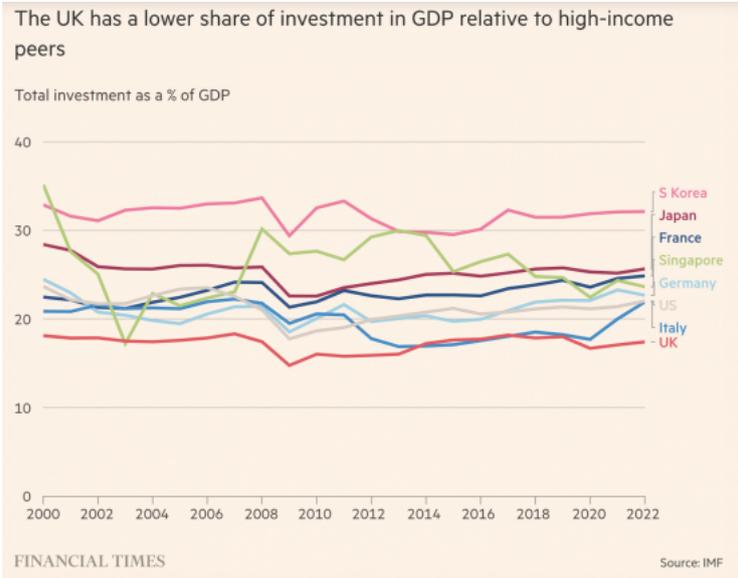
# Funding the Future

## What does the City of London do for the UK?

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Martin Wolf [has been obsessing](#) in the FT about the low rates of savings and investment in the UK, making the rather basic error of equating the two issues.

He has published two charts:



I note what he has to say but think he misses the point at so many levels.

First, he remains obsessed with growth. He has not yet noticed that we live on a finite planet. For an intelligent man who writes about climate change that is very odd.

Second, he has not noticed that the quantum of investment is not what matters: it is what it is used for that matters. When the need is for social and sustainable infrastructure rather than more productive capacity to make products that can only bring the impact of climate change ever closer that is, again, very strange.

Third, Wolf does not ask the very obvious question, which is why do we save so little? The answer is, of course, that people in the UK are so poorly paid on average that they do not have the capacity to do so whilst businesses are so obsessed with shareholder returns that they will not do so.

And Wolf also fails to ask the glaringly obvious question, which is why when the City of London hosts the second largest financial market in the world is it that we save and invest so little?

Could it just be that it is precisely because we host the second-largest financial market that we do not save because we do not think we need to save since we can always attract savings from others?

Or is it that this financial market is not about saving and investment at all and is simply about speculation?

Might, alternatively, it be the case that the focus on financial returns that the City has created has destroyed the awareness of the need to make real returns in the UK?

Or is it just that the inequality that the City seemingly deliberately creates with active government connivance prevents saving and investment?

Might it, in fact, be all those things, coupled with a total lack of awareness of the need for investment that we have, which has to be led by the state sector?

I suspect that the last of these explanations is true.

But what I also know is that this is damning evidence that the City of London not only does nothing for this country but actively fails it. For all the billions poured into it every day, with over £60 billion of tax relief attached a year, we got a truly appalling return.