

Starmer's ideas about the private sector are wholly mis...

Published: January 13, 2026, 6:06 am

As the [FT notes](#) this morning:

More UK companies are drawing up plans to shift their stock market listings to the US, bankers say, in a growing exodus that threatens to undermine London's effort to reinvent itself as a vibrant hub for global equities.

It's an interesting suggestion, so why is this happening?

The FT suggests there are a number of reasons, of which "the prospect of a government willing to spend hundreds of billions of dollars on infrastructure" is one that apparently appeals to investment bankers. How very odd you might say that they so like public money, except for the fact that the opinion is wholly logical: the foundation of market success is always the quality and quantity of government spending in modern economies.

There are, however, other good reasons for this move. In particular, UK pension funds have almost given up investing in the shares of UK companies now. In a little more than two decades such shares have fallen from half of portfolios to just 4% whilst holdings of bonds by such funds now exceeds 70% of their value. UK investors are just no longer interested in what UK companies, and companies more generally, do.

Although, if I am candid, I think it more than that. They are no longer interested in equities because unlike the more ideologically driven US markets they have seen through what the modern company does.

As [research I did with others at Sheffield and Queen Mary, London](#) showed, the modern corporation often pays out more by way of dividends than it earns by way of profits. It succeeds in doing so by ever-increasing its borrowing and by undertaking arbitrage between various financial reporting standards. In particular, they are prone to abusing the differing rules of UK generally accepted accounting principles and International Financial Reporting Standards in group accounts meaning they recognise much more profit in the group parent accounts than they do as a result of actual trading by the

group as a whole and it is this parent company pot that they use to pay dividends.

Astute investors have, I think, rumbled this game-play much beloved of all companies but readily apparent in those in the UK because we require that group parent companies publish a separate balance sheet which means that in this country this abuse is apparent in group accounts. As a result, they take the risk warning those accounts provide and avoid investing in such entities. UK pensioners are better off as a result.

There is, however, a bigger message in here as well. That is that Keir Starmer's belief that the private sector will provide the salvation for UK investing is wholly misplaced. Large UK companies are the worst at investing in proportion to size and number of employees. They just don't do that any more. They look to financialisation for their profits, and not actually making money, whilst innovation is very much off most of their agendas. To pretend that a partnership with the private sector is the way forward for the UK is, then, wrong. The UK private sector has no interest in the future. Their purpose is to turn debt into dividends. That is it. Starmer might want to stop that. Unless he does his ideas about the private sector are wholly misplaced.