

We need to put an end to the economic narratives that a...

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The [collapse of a bridge in Baltimore](#) after a ship collided with it is a tragedy for those who lost their lives as a result. It will be massively disruptive for millions in the area. No doubt, insurance litigation will last for many years. But two things immediately stand out to me.

One was just how flimsy the structure appeared to be compared to the ship and that the odds against its surviving impact seemed so incredibly low as a result.

The claim is that the bridge was up to standard when it was built, although the design looks very old, but the reality is that ship technology has moved on massively since then. 290-metre mega container ships were not docking in Baltimore in the seventies.

So lesson one is obvious, and is that infrastructure cannot be allowed to stand still when all around it changes. If it dies the severe disruption that is going to be experienced in the Baltimore area, and beyond, now is going to happen.

And before anyone gets complacent, the biggest message from this is on climate change. The world is moving on. Our infrastructure is not. Unless we catch up with the rate of change going in right now - and it would seem that it is rapid - then we are going to get very heavily caught out. Flooding is one very obvious risk, but it is not the only one.

The second lesson should get as glaringly obvious, but to most current era politicians will not be. It is that state investment is vital to well-being. This is not just in infrastructure of course, but that matters a lot.

Right now we have both the Tories and Labour obsessing about how they can increase savings ratios in this country, which they think to be vital to increases in investment. So, we end up with the farce of the 'British ISA'. The aim of this is not to increase investment. It is to increase the price of shares in British companies, which is something entirely different. And underpinning this is something even more worrying, which is the very obvious lack of understanding amongst politicians that share capital

no longer funds any investment of any consequence: that is funded by credit. in other words, they are promoting the misdirection of funds in precisely the opposite direction from that which is needed. We need public infrastructure investment. We will get private speculative activity.

This is not to say that savings are not important. I recognise that they are. However, unless the association between savings and investment is re-created, their only real function is twofold. One is to withdraw money from active use within the economy, which slows growth. The other is to increase economic volatility in financial markets, which has consequences for instability. In other words, as used currently, savings undermine the government's economic goal of growth and increase financial risk. As outcomes go, these are a long way from being smart.

They are, of course, solutions to this problem. I have already proposed, time and again, how tax relief on both [ISAs](#) and [pensions](#) should be reformed to massively increase the funds available to the UK government for vital infrastructure investment. in my estimate more than £100 billion a year could be made available to fund state investment if this were to be done, which is at present way in excess of the capacity of the economy to spend on such activity. This means that changes to these reliefs could be undertaken gradually, giving the savings market time to adjust, with beneficial outcomes still being achieved.

My point is fairly straightforward. All the money that is required to undertake all the capital investment that our economy can sustain for the maintenance of critical infrastructure that increases the stability of our society is currently available if only we change the rules on saving, and simultaneously end the paranoid obsession that grips economists and politicians alike whenever the size of the government balance sheet is enlarged by funds being deposited with it to finance the growth in its assets, that then benefit society at large.

Our society is being held back by a misunderstanding of the relationship between savings and investment and between deposit-taking and government asset creation. The false economic stories that we tell ourselves or are being told are undermining our ability to protect ourselves from harm, deliver what is good, and protect our well-being both now and in the future.

We really do need to put an end to the economic narratives that are proving to be so destructive and to replace them with narratives intended to reinforce the meeting of need.

The collapse of a bridge in Baltimore was a disaster for all involved. If we learn the lessons that come from it, then something good might at least come from it. I can live in hope.