

Keir Starmer's big mistake: confusing money with capi...

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Keir Starmer is desperate for foreign money to fund British investment, but that makes no sense at all.

<https://www.youtube.com/watch?v=y8z8k7CsYDk&si=QKBSddZtJOQOdICg>

This is the audio version of this video:

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And this is the transcript:

Keir Starmer does not understand what capital is.

He's not alone. Vast numbers of people seem to confuse capital with money.

Money is not capital. Money might facilitate the organisation of capital, but capital is made up of two things: people and physical resources. There is nothing more to it than that, because if you haven't got people and physical resources capable of undertaking a task such as building a new infrastructure project like a bridge or whatever it might be that we require, then, frankly, however much money you've got, you won't get a bridge, or you won't get a school, or you won't get a new power system, or whatever your plan might be.

So, money cannot be the capital that we need to create the country that we desire here

in the UK. No, money is merely the tool that brings these things together.

In that case, why did Keir Starmer hold a whole conference and create a lot of noise about the fact that he was trying to attract what is called foreign direct investment into the UK?

Foreign direct investment is simply a financial flow, by the way. These foreign direct investors will bring remarkably few people with them, and they will bring remarkably few physical resources with them. These foreign direct investors will instead, Keir Starmer hopes, bring some money to the UK.

And we know that because of the people that he was talking to. He was talking to very large tech companies. who are overladen with cash. Their balance sheets have trillions of dollars of spare cash on them in most cases.

Private equity funds often are also laden with cash from investors who don't know what to do with their money.

All of these organizations will bring money into the UK, but the capacity to create the capital that we need that these people will finance is already resident here in this country. Unless we literally see these companies bring in shiploads of people, it is the people already in this country who will build whatever it is that we require. And they will do so using the physical resources that we can command, i. e., those that we can afford to buy.

So, does their money really make a difference? Or is it that money from the government could do the job of assembling these capital resources in the way that we require just as well as these foreign companies might?

What is Keir Starmer really saying when he chooses to give the job to foreign companies rather than to British civil servants?

Is he saying that we're not up to the job?

Is he saying that British contractors aren't up to the job?

Is he saying that these foreigners are so much more clever than us, that they must have the task of organising our economy?

Or is he simply making a simple and incredibly basic error of confusing money with capital because if he is making that error - and I believe he is - then what he's doing is actually selling this country very short?

And there's a very good reason for saying that if we have foreign direct investment. We will have foreign outflows of the benefits from this investment, after all. These companies will make the profits. They will make the gains if these investments work.

And we won't.

Nor will we see all the tax on those profits, because some of that will inevitably flow out of this country and partly be taxed elsewhere.

And if there are gains to be made, you can be sure they won't be arising in this country or be subject to tax here.

In other words, his basic error is an incredibly costly one.

We have got all the capital we need to do these things in the UK. If these companies believe that they can actually deliver, they couldn't deliver without the people and the physical resources being here to undertake the projects that they're talking about. Therefore, the only missing component is money. And that missing component of money could very easily be created in this country in one of two ways.

Either government could go to the Bank of England and say, can we borrow the money in question, and there is nothing to stop them doing so.

Or they can spend the money into existence and issue bonds to cover the cost if they so wish.

And ultimately, we could even have some extra taxes if we so desired, particularly on the wealthy.

But my point is, we have got not just the labour and the physical resources here to deliver these projects, or they could not happen at all, but we also have the capital in the form of money here too. So are we also then just short of one other thing, which is the management?

I don't believe that, because the vast majority of managers who will be employed to build British projects will also be British. So that makes Keir Starmer's decision even more absurd.

Why are we looking for foreign direct investment when we really don't need it?