

Funding the Future

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Starmer believes in government by private equity fund managers. The EU doesn't. That's why Starmer will never get close to Europe.

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This is the audio version:

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This is the transcript:

Why can't Kier Starmer ally with the EU?

I think there is a very clear and obvious explanation for the reason why he won't do that and why he is almost inevitably embedded in a relationship with Donald Trump, much as I hate to say it, and much as I really do not like thinking about it.

The reason is quite simple. Kier Starmer, for better or for worse, for richer or for poorer, has decided that he is wedded to the private equity and hedge fund sector.

When he talks about foreign direct investment into the UK, for example, who does he go and talk to? The very big pension and private equity managers. The people like BlackRock and so on, who are in control of trillions of dollars of funds worldwide, provided to them by savers and in particular by pension funds. And he believes that

these are the people who will be funding whatever it is that he wishes to do to fuel growth in the UK, although we all know that there is no sign of that happening as yet.

He does not believe in the power of government to create that growth.

He does not believe it is the job of the government to attract savers' funds through the issue of bonds, or through the issue of dedicated ISAs, as I have proposed, to raise money to do direct investment into the things that we need, like new schools, new hospitals, new transport infrastructure, new energy systems, and so on.

Instead, he is wedded to the role of these fund managers who will, he thinks, provide him with the money that is required to undertake these tasks whilst they cream off, in effect, the benefit of government revenues for their own private benefit, a little of which might just trickle down for the benefit of those for whom they manage the funds.

That is why Starmer is allied with Trump, because let's have a look at what's happened in the US already, since Trump has been in office.

One of the big issues that has arisen there is Trump's demand that Panama hand over the Canal Zone to the US to administer because Trump claimed that it was under the control of China.

Now that wasn't quite true. The ports at either end of the canal zone were under the control of a company which is controlled by a person who is Chinese, and that is where Trump's claim came from. And since he has been in office, that person has agreed through their quoted company to sell those ports and a whole pile of other ports to BlackRock - one of those fund managers - and they've done that on behalf of Trump. They have, in effect, become the instrument of the US state to achieve the policy goal that Trump set out to deliver, which is to effectively bring the Panama Canal Zone back under US control. But he's done it via private equity.

That is astonishing.

The Chinese government is still objecting, but I suspect it's going to go ahead anyway.

And the point is that this is exactly the sort of deal that Starmer wants to do. He doesn't know what to engage directly in investment activity. Look at GB energy if you want to see that. GB Energy has no employees as yet, but supposedly it's going to transform the energy systems of the UK. That's nonsense. It is simply a private equity operation in which the UK government has a 25% stake. It cannot deliver what is claimed for it because it doesn't even have people employed by it. It's just a financial operation, and that's exactly what Keir Starmer believes in.

But why does this mean he can't ally with the EU? Well, the answer is quite simple and quite straightforward. That is not the way in which the EU wants to go forward. The EU wants to go forward in a way where it will be investing directly into the infrastructure

that it requires. That is the tradition in European countries. They don't buy into the Anglo-US style of capitalism, which is all about outsourced fund management to people like BlackRock. And they would instead prefer a direct involvement from government when they're talking about infrastructure.

So, as a consequence, the fundamental philosophy of the funding of government and the involvement of third parties from the private sector between the UK and the EU is at odds with each other. And in a sense, it always has been.

Of course, this is about the role of the City of London and the financier inside the UK economy, which has always been in conflict with what has happened within the EU, where that dominant financial sector has never really existed, even in Frankfurt and Paris, which are the largest two financial centres in the remainder of the EU block.

So, can that problem be overcome? Not, I suggest, while Starmer is in office. He is just too close to these people.

And I also fear that so close is he, that we will actually see increasing privatisation during the time that he is in office.

For example, it looks like the abolition of NHS England is in fact a direct precursor of some form of privatisation of the NHS. I can't see another explanation for why this has happened. And so we have a direct conflict of philosophy between the UK and the EU on this issue, which I think is irreconcilable as things stand.

Starmer is allied with Trump in believing that he has no answer to any question, just as Trump does not because Trump believes that all the answers to every question are to be found in the private sector, which is precisely of course why he has put Musk in charge of the government, and in the same way he's looking to people like a fund manager to buy the Panama Canal Zone to solve his foreign policy problems.

Well, that's what Starmer believes too, and this fundamental difference of approach means there's very little chance, in my opinion, that there is going to be any form of progress in creating a stronger alliance between the UK and the EU anytime soon, by which I mean for as long as Starmer is Prime Minister.