

Funding the Future

Article URL

Published: January 12, 2026, 6:29 pm

There was much in Rachel Reeves' [Mansion House speech](#) last night that was neoliberal to the core. Except for the fact that Rachel Reeves clearly presented it, anyone might have assumed that George Osborne was back in Number 11.

The tone was set by this previously leaked claim:

Regulation still acts as a boot on the neck of businesses... choking off the enterprise and innovation that is the lifeblood of economic growth.

It is hard to think of a more explicit statement of neoliberal orthodoxy than this. The Chancellor stood at Mansion House and told us that the real problem in our economy is not inequality, low pay, collapsing public services, or the failure to tackle climate change, but that regulation – apparently – is strangling our entrepreneurial spirit. In her words, it's a “boot on the neck” of business.

As a result, she made clear that, in her words:

we must regulate for growth and not just for risk.

This phrase should ring alarm bells. It means putting the interests of capital formation ahead of social, environmental or consumer protections. It means rewriting the rules to suit investors, whatever the broader cost.

Then she argued that:

there is nothing progressive ... about a government that simply spends more and more each year on debt interest, instead of on the priorities of ordinary working people.

In doing so, she tied the hands of this government. By declaring high debt to be evil without suggesting that obvious steps explored on this blog over time to reduce this cost (cutting Bank of England-based rates and using tiered interest payments on central bank reserve accounts) might be taken, and instead committing to her “non-negotiable fiscal rules,” she locked Labour into austerity. It is quite literally impossible to have adequate public services when debt reduction is the religion of government.

Her narrative was very different when it came to financial services. They were, she said: *at the heart of this government's growth mission.*

She added that "putting pounds in the pockets of working people" depends on letting financial firms thrive.

This is classic trickle-down economics. The argument is that if only finance is made richer as a result of deregulation, somehow wages will rise. Experience tells us the opposite. Economic logic also tells us the opposite. Financial services do not generate wealth; they merely reallocate it at most, with a (usually significant) margin having been extracted along the way by those making the financial services arrangements. Reeves, somehow, confuses that top slicing with wealth creation, when it is usually nothing of the sort.

Reeves also suggested that the government has "ripped up the planning rules" and "swept away regulations." The implication is obvious. This is not careful reform; it is a carte blanche to weaken protections for communities, workers, and the environment, all in the hope that someone, somewhere, might build a new office block or luxury flat.

On green policy, the picture was even starker. Having consulted, she said she had decided:

not to pursue a green taxonomy.

This means that she has effectively abandoned the idea that I have long supported with my proposals for pensions and ISA investment reform, of establishing consistent standards to guide investment into sustainable projects. Instead, she promised vague "transition finance" rules, a loophole-ridden concept beloved by lobbyists.

On banking safeguards, what the Chancellor has to say was as worrying as she trumpeted rolling back core banking safeguards. In particular, she welcomed lower capital requirements that make banks more vulnerable to failure, and which will increase the risk of bailouts being required when the inevitable crash comes. It is as if her goal is to replicate 2008.

In the end, she wrapped it all up by urging:

regulators in other sectors... not to bend to the temptation of excessive caution... but to boldly regulate for growth.

In summary, growth for growth's sake is now government policy. It will be supported by regulation designed solely to meet the needs of capital. Government debt, and so government spending, is seen as the enemy of growth when the exact opposite is the case. And we are to have an economy that remains, in her words, proudly:

open for business; open for trade; open for investment.

Yesterday, [I described this](#) as an economy that always sells us out to the highest bidder, because that is exactly what it is. And meanwhile, Reeves is apparently completely closed to the idea that economic policy might serve anything other than the interests of finance.

In all this, it is important to remember that Reeves is, supposedly, a Labour Chancellor. We can only conclude that one of the things put up for sale, long ago, were her principles, because she has clearly sold out. We will all pay the price for that.

Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [here](#).

One word of warning, though: please do make sure you have got the correct MP. ChatGPT can get it wrong.