

Funding the Future

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Why is infrastructure crumbling, care failing, and democracy under strain?

In this video, I explain two concepts that quietly shape everything around us and help us answer this question. They are capital, and capital maintenance.

Importantly, capital is not just money. It is the accumulated stock of financial, physical, environmental, human, and societal resources that make future well-being possible. When we fail to maintain those resources, societies decay.

In that case, I argue that because modern economics focuses obsessively on financial capital while neglecting the others, including their capital maintenance, we get collapsing services, environmental breakdown, and political anger.

Care, I argue, is not a sentiment. Care is capital maintenance in action.

<https://www.youtube.com/watch?v=srrvYiABwbl&si=hbeht-BqXyYlggOP>

This is the audio version:

https://www.podbean.com/player-v2/?i=txi9q-1a0aeea-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

I want to talk about two ideas that might sound abstract, but trust me, stick with this

because they shape almost everything around us.

The two ideas are capital and capital maintenance, or rather, what is capital, and what is the importance of capital maintenance?

And these are not academic curiosities. I know I might be a professor, but that's not the point. These determine whether societies thrive or decay, and that's why they're important.

I've been writing about both these issues on my blog in the last week. Take a look at it, *Funding the Future*; it's easy to find, there's a link down below. I'm doing so not because I enjoy theory for its own sake, although, let's be honest, I do, but because these ideas explain why so much of what we see around us is failing.

If you think the world is falling apart, you are right; the world is failing.

Its infrastructure is collapsing.

We aren't caring enough.

And we can all see that our democracy is not working as we would wish.

All that is because we are not caring for the capital of our society.

So let me be clear: these ideas are not abstract. They are about practical tools for understanding the real economy we live in.

Capital is not just about money; it is about the accumulated stock of resources that have been created by our societies and which have not yet been consumed, and which can, as a consequence, deliver our future well-being. Capital does then exist at a point in time. It's changing continually, but it exists in a moment. It reflects the past, and it shapes the future.

This point about time is crucial. Economics often pretends that time does not matter, but capital is inherently temporal, as we would say in economics, or, it's just about what is happening at the moment compared to the past and the future, if you want it in lay terms. The point is, it represents past investment, present capacity, and future possibility. And that really does make a difference to our well-being. Capital is the economic bridge that can explain how we develop through time and why things can fall apart if we do not look after it.

There are, in fact, in my opinion, five forms of capital. You will see variations on this theme, but five suit my purposes, and they are: financial capital, physical capital, environmental capital, human capital, and societal capital. Together, they describe the real economy.

Let's talk about each of them in turn, because they all matter and they all do relate to each other.

Financial capital is the one which everyone tends to recognise at present because it is the form of capital that is prioritised by antisocial neoliberalism, and all forms of current accounting. Financial capital is money and assets like shares and bonds, and financial stakes in businesses, as well as intangible assets like patents, copyrights, and the goodwill that companies create when they buy other entities.

But, in fact, if you think about it, you can't see any of these things. They actually are invisible to sight because they're not wealth in themselves. They are just legal claims upon other forms of wealth, and so, in fact, financial capital is entirely dependent for its existence upon the legal construct that lets it control one of the other four forms of capital.

But what that means is that when finance dominates, and we ignore the other forms of capital damage, it always follows, and that's the world we are living in, and that is why this discussion is so important. If you understand that financial capital is, in fact, giving rise to the neglect of everything of real value in our societies, you begin to see what we need to change to make life better.

Physical capital is more obvious than financial capital in the sense that you can see it. It's buildings, it's infrastructure, it's transport systems, it's housing, it's cars, and even our own household goods, like the chair I'm sitting on right now. These things make life possible. They make making things possible, but they do all have a lifespan; they wear out, and as a consequence, they require maintenance.

If we neglect them, decay is inevitable, and we can see that all around us. The whole of our water crisis in the UK is precisely because we forgot to maintain our water systems. The same is true with regard to much of our transport infrastructure, our energy infrastructure, and even our homes, many of which are in poor condition, particularly in the rental sector. So, physical capital and its wearing out is fundamental, as, therefore, is the capital maintenance of it. We can't avoid that.

We can't also avoid environmental capital. Environmental capital is, in fact, the foundation of everything in life. Clean air, water, soil, climate, stability, the biosphere, all of these things are embraced by this idea of environmental capital and without that capital being in existence, of course, we would not be here, and so there would be no economy. And yet this environmental capital is being systematically destroyed by our obsession with financial capitalism.

Human capital is suffering as well, and human capital is not people as such; it is instead the state of our well-being. It's health, education, skills, capability, and care. A society that exhausts its people is consuming its capital and not growing. One that is maintaining its people, literally providing them with the care that they need in the form

of health, education, skills and capability, is one that will flourish. The difference between the two states is phenomenal, and we, from our lived experience, know that.

Next, there is societal capital. Societal capital is in many ways the most ignored of all forms of capital, and yet in some ways it is the most important if we value our democracies and the institutions of government, because societal capital includes trust. It's based upon the existence of reciprocal rights, and those are created by a functioning government. It includes institutions, both governmental and non-governmental, that work and which are accountable for their actions. So that can include large companies as well as the institutions of state, and I don't deny that.

Democracy is one of the functions that is supported by societal capital. The form of representation that we have matters, and maintaining it is essential if we are to be engaged with the decision-making processes that manage the whole of our existence.

Finally, there is accountability under this heading. Accountability is key, and I say that not just as somebody who has been an accountant, but because we do need to hold people to account, whether they're our politicians, the leaders of our companies, the local authorities that we deal with, or even each other. This is key. When societal capital collapses, markets fail, and states fracture.

So, we need to make a critical distinction. It is a key point that financial capital is dependent upon the other four forms of capital that exist within an economy. Financial capital might be dominant in economic decision-making at the moment, and you can hear that all the time when Rachel Reeves talks about balancing her books or the need to constrain growth because we don't have the money available to do it: that's because she's talking about financial capital.

It's also dominant inside our large companies because the accounting systems that were adopted in the UK and across Europe, and then around the world from 2005 onwards, only emphasised financial accounting, which is based upon financial capital appraisal rather than physical capital appraisal, which was the form of accounting that existed before 2005.

So, financial capital, this nebulous form of capital, which is dependent upon all the others, is the only thing that supposedly counts in our society, and the rest do not count either partially or at all. And that omission is catastrophic. And this is the key point in this video. We have abandoned care about physical, human, societal, and environmental capital and have focused solely on financial capital, and the cost to us has been enormous. That is why the world is falling apart around our ear holes.

We must maintain capital. But if we only maintain financial capital, all we are worried about is can we flog it at the price we could last year? But that does not really embrace the idea of capital maintenance at all. Capital maintenance answers one question, which is what must we preserve if we are to have a future, and how much

should we spend to achieve that goal?

And this is key. Capital maintenance, doing the repairs, keeping things going, may not be glamorous. It might not be as high-tech as developing some new technology or big infrastructure project, but making sure the existing trains run on time is actually far more important than HS2, for example, which may or may not ever deliver anything for anyone, and we have to understand that distinction, and that's what I'm talking about.

Capital maintenance is not optional. It's not an add-on. It's not a luxury. Without maintenance, infrastructure decays, people burn out, ecosystems collapse, and democracy erodes. That is not ideology, that is simple arithmetic. That is what happens with the passing of time when you don't invest sufficient in keeping these things going.

The fatal error of modern economics is to believe that everything of value is based upon financial returns and short-term income, plus market prices, when, in fact, those processes, which we focus upon now in antisocial neoliberal capitalism, almost always consume capital itself.

We are literally eating up the world around us because of our focus on financial returns alone. Our physical capital is decaying. Our human capital is declining. Our environmental capital is at peril, and our societal capital is, as we can see from the state of our democracy, in very poor nick.

What this means is that we are living off our future. We can't afford to do that. The focus on financial capital is delivering this outcome, and it's wrong.

We get crumbling services as a result.

We get failing healthcare systems.

We get stagnant wages, a lack of training, environmental breakdown and political anger.

None of these things are accidents; they are the result of systematic capital depletion because we fail to maintain what we've got.

I'm not pretending that everything's going to change in 2026; it will be a year of strain. There will be economic strain. There will be political strain, and, undoubtedly, there will be environmental strain, and our newscasters will still sit there and say, "Why are we getting such bad weather now?", and, "Why are temperatures so high?" as if this is news to the BBC, when, of course, we know the truth: this is all happening because we're not maintaining our planet. We do know that our systems are not resilient enough, and we do know that what we have to do is invest more, or they will not survive. We need to care.

Our society is running down its capital in the interest of pursuing purely financial returns that are entirely illusory. Unless we change this, we are not going to grow at all.

If we continue to underfund care and ignore maintenance and treat people as expendable and sacrifice the environment, we are not saving money by doing so, as the antisocial neoliberals claim; we are destroying our capital, and the evidence is all around us. It is, as I said at the start of this video, why our world is messed up.

This is then a political issue. The issue of capital maintenance is a question we should all be talking about. That's because it forces us to ask, what do we value, who do we care about, and what future are we preserving? Ask that question whenever you hear a politician speaking.

That last one is important. When a politician says, "We must take action to preserve the Western way of life, " what does that mean? What are we preserving, and how are we going to do it? They're talking about capital maintenance, nothing more or less than that, but do you agree with them as to what the priority is?

These are essentially political questions, and whether explicitly or by neglect, they are on our agendas right now. But the fact is that most of our politicians don't think these things count because they only look at financial capital. They ignore the rest and say they don't count, and that's wrong. Caring is about all forms of capital and not just finance.

That's why I talk about the politics of care. Care is not a sentiment; care is capital maintenance in action.

A caring state preserves the future. A careless one consumes it.

We are living in a careless state, and capital is not just money; maintenance is not optional. If we want a functioning economy, a livable environment, and a resilient democracy, then capital maintenance must become a central organising principle of economic policy.

That is the argument that it is unavoidable. This is what the politics of care is all about.

Tickets are now on sale for the **Funding the Future live event in Cambridge** on 28 February. [Tickets and details are available here](#).

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 ensure you have the correct MP.
ChatGPT can get it wrong.**

Comments

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