Funding the Future

The market has failed, and the FT is preparing its excu...

Published: November 8, 2026, 9:12 am

The FT published an editorial on this week's fall in AI share prices. It was an exercise in making blatant excuses for market failure.

It described excessive borrowing, an investment race that was becoming unsustainable, and share prices dependent on expectations that could not be maintained. It then suggested that the prospect of stronger dominant companies emerging from the wreckage of this AI investment debacle was grounds for reassurance and evidence of success, when nothing of that sort might be claimed.

Tellingly, the article offered no adequate reckoning with, and made no demand for accountability from those who made this mess. Nor did it consider who will bear its costs.

The FT's starting point should have been obvious. It should have said that tech companies have competed to build AI capacity because each feared being overtaken by the others. It should have added that financial markets supplied the money and justified doing so using extraordinary valuations that potential demand for the resulting AI products could never justify. This is what the FT should have said about the market mechanism it usually claims allocates resources efficiently.

It did not, although in fairness, even the FT had to recognise that this efficiency was absent on this occasion. It did admit that all that markets have done is encourage spending whose pace the companies themselves might now welcome an excuse to abandon.

But then, quote bizarrely, it offered the excuse that the resulting necessary change of course is down to democracy, as if that were a failing. As the FT noted, voters in the USA, and elsewhere, have elected politicians promising restrictions on data centres. The FT did not welcome this, but instead suggested that shareholders might develop a "sneaking regard" for Democrats who have provided a "convenient excuse" to halt the spending race.

There is something quite bizarre, or even deluded, about this argument. It assumes AI executives could make commitments, arrogantly assuming they could deliver value, without providing evidence that they could, knowing tha reckless investors would finance them, but apparently, politicians would have to take the responsibility, and so the blame, for stopping them, in the process sparing those executives the embarrassment of admitting that their judgement was wrong.

The hypocrisy in this claim is hard to miss. A newspaper that champions market discipline is suggesting political intervention is useful in assisting corporate management to escape the clutches of that discipline, or responsibility for their own actions. It celebrates the freedom it demands for business to decide, and then finds comfort in politicians providing cover when those decisions become uncomfortable.

Meanwhile, the public bears the consequences. Even the FT had to tacitly admit that data centres have already, and will, consume electricity, water, land and equipment that have other, and potentially better, uses that the AI madness has prevented from happening. They also acknowledge that the borrowing race driven by AI has put upward pressure on interest rates. Many millions, and maybe billions, of people are paying the penalty.

But the greatest hypocrisy is reserved for comments about pension savers - the actual, ultimate shareholders in too many of these debacles - who face losses on investments whose valuations they did not determine. Their losses are real even though they were never asked if they consented to participate in this gamble. Fund managers assumed that they did on their behalf, revealing yet again the lack of accountability in the pension sector and the desperate need for its reform.

Even Trump turned on pensioners. He accused them of sabotaging their own pensions. Implicit in his suggestion, though, was a demand that they accept corporate risk unquestioningly. He demanded obedience. He chastised them for withholding it.

This, then, is where market failure becomes market aggression: having made pensioners’ security dependent on their decisions, corporations, fund managers and their defenders then insist that we cannot afford to challenge them, or even have the temerity to do so. They reveal in the process that it is not shareholder value that motivates them, but rent extraction from pensioners, which institutional structures provide them with the opportunity to undertake, whilst leaving those who exploit with plausible deniability for their actions.

The FT does, admittedly, question Trump’s account of the immediate sell-off. Doing so, it does, however, fail to challenge the arrangement that made his threats possible. Instead, it suggests that the downturn might create a market better able to distinguish winners from losers, even as its evidence suggests that established AI giants could benefit while weaker competitors struggle.

In that case, their promised resolution for this failure is a situation where greater corporate concentration, and so power, prevails in true neoliberal extractive style, with democratic politicians supplying the excuse for this outcome and the broader public as well as most pensioners (and they have overlapping members, but are not the same) inevitably left carrying costs for what will be market failure, not that the FT recognises that.

The FT failed. It should have asked why markets were permitted to impose these risks on us, and what democratic control is now required to prevent it from happening again. Instead, it wanted to explain how the largest, and potentially most extractive, companies might emerge comfortably from their own excesses. That is a defence of power masquerading as economic analysis. The market has failed, and the FT is already preparing its excuses.