What’s happening to UK government investment?

1. **Government investment** is vital during a depression because it is the single major source of new economic activity that can inject demand into the economy when consumers and businesses will not spend or invest and exports are weak.

2. Government usually invests by borrowing. Currently UK *10 year bond yields are very low*. If inflation is taken into account the UK government can borrow at rates of about 1%. Rationally this means that the government should invest in any project capable of earning more than 1%, inflation adjusted, now.

3. As Michael Saunders of Citigroup has put it: "The ultra-low level of gilt yields is practically an invitation for the government to borrow more".

4. Despite this the government is not investing, as this graph of total investment from 1997 to 2017 based on Treasury data and forecasts shows:

5. The result is that just when the economy needed it most the government is withholding the investment we need as a country.

6. Labour invested in 2008 to 2010, and the economy recovered from the 2008 crash. The Coalition has withdrawn investment and we are in a depression as a result.