The UK's debt is falling, again - it will be about Â£...

Published: January 13, 2026, 3:33 am

As Larry Elliott has noted this morning in the Guardian another round of quantitative easing is now almost inevitable as money supply has fallen in the UK, again. Expect £75 billion next week. That will be £350 billion in all.

The outcome is simple: another £75 billion of government debt will be purchased by the Bank of England. And as I explained last week, this debt will never be resold. There is no chance of that. And this means that for all practical purposes the debt repurchased is cancelled. So far from having about £1 trillion in debt as was so loudly trumpeted by the government only a week or so ago the actual debt will pnly be about £650 billion after this issue, and the average government borrowing will, after tis repurchase, have fallen to less than £40 billion a year over the last seven years - the average rate (near enough, and lower after allowing for inflation) that was being incurred before the crash.

In that case shall we stop saying we have a debt crisis? It's very clear we have not.

And shall we stop saying that we have to stop spending to ensure our children can repay the debt when it is only growing very modestly at most?

And shall we stop talking about the growing debt interest payments when at least one third of them will now be paid straight back to the government?

And shall we then talk about what we can afford to do when it so clear that we do not have a debt crisis at all?

And shall we call the Tories bluff for lying about a problem that did not exist?

Because that way we have a new political narrative which right now we have not got.