

## The time for austerity has gone

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German electors [rejected austerity](#) this weekend. They were right to join the French and Greeks in doing so. As Jonathan Portes of the National Institute for Economic and Social Research [has argued](#):

*with long-term government borrowing as cheap as in living memory, with unemployed workers and plenty of spare capacity and with the UK suffering from both creaking infrastructure and a chronic lack of housing supply, now is the time for government to borrow and invest. This is not just basic macroeconomics, it is common sense.*

He is right.

I am pleased that at long last Labour are now getting the point. As [Ed Balls and Peter Mandelson argue](#) this morning:

*Europe needs to boost public investment in the demand that will help to drive growth, as the European commission is now urging. A serious capital lift for the European Investment Bank is desirable, to help to provide fresh sources of infrastructure investment, as are infrastructure bonds, which help to counter a failing private appetite for large-scale project finance.*

It is [an argument I've been making since 2003](#), and more recently ([here](#) and [here](#)). This is also the Green New Deal logic, of course, so I'm pleased to see Labour has finally bought into it.

As they should: there has never been a better time to build our future than now.