

IMF says to Osborne stop PFI now

Published: January 12, 2026, 11:55 pm

The IMF's [policy prescriptions for the UK](#) need unpacking. Their second policy recommendation is not as clear as it could be. They say:

Second, credit easing measures can boost demand.

Credit easing is the process of the government supporting private sector investment by providing guarantees for loans or by partnering investment.

The government's already announced a programme for credit easing so you could say the IMF has backed a policy after it's already been announced but the devil is in the their detail. They add:

Credit conditions remain tight because elevated bank funding costs have limited the quantity and maturity of lending to the private sector, despite significant monetary easing.

In other words, they're saying banks have failed to pass on the benefits of quantitative easing. They continue:

We welcome recently announced efforts to lower private-sector borrowing costs through broader provision of bank funding against collateral with haircuts, including the "funding for lending" program. Depending on the effectiveness of these new programs, further credit easing measures may be needed, including purchases of private-sector assets on secondary markets.

That means that private sector bonds could be included in what is an extended form of quantitative easing with the intention of securing long term low interest rates, exactly as Keynes said necessary to ensure long term recovery. This prescription could not be more Keynesian if the IMF tried. They add:

The government is also considering taking advantage of its record-low borrowing costs to provide government guarantees to fund large, privately operated infrastructure projects. It is important, however, that the choice of projects and the modalities of their operation—public versus private, and financing by issuing public debt versus

guarantees—is based on using public funds as efficiently as possible.

Unpack that and what they're saying is whatever is done PFI must not be on the agenda. That, they're saying, is a poor use of public funds. And if in doubt, they conclude:

They should also not be affected by attempts to artificially limit government gross debt or near-term expenditure.

PFI was an attempt to manipulate debt ratios. The IMF is saying stop being silly - don't do PFI! As I've argued, and as the IMF also tacitly acknowledge I think, this is in any case unnecessary. When the [quantitative easing programme effectively cancels debt](#) because what's bought by the Bank of England will never be resold games like PFI are completely unnecessary.

The time has come they say to fund directly or in partnership, but whatever happens at rates that exploit the incredibly low cost of capital the government can access.

Which makes the announcement that new rail investment will not be government funded look very stupid indeed.