

That Clegg apology - and why he got the economics of it...

Published: January 13, 2026, 11:34 am

Clegg has apologised. It wasn't pretty watching. But what was worse, is how wrong he got the apology.

[Watch it here](#) : sorry, I just can't face embedding it.

At about 40 seconds in he begins to talk about the detail of the tuition fees policy. Note first of all that he does not apologise for voting for tuition fees: far from it. He apologises for saying in advance he would not. That's ridiculous: that appeases no one whilst making him look incompetent.

And then he proves he is just that. His reason for saying he should not have made a commitment to block tuition fee increases was "there was just no money around". And that's not true for all sorts of reasons.

First, there was been money to pay for cuts in the 50p tax rate. That costs [more than £100 million a year](#) according to the government - I suggest it is massively more. There were cuts to corporation tax rates costing [£4.5 billion a year](#) to date (taking into account decisions from 2010 to 2012). And changes in controlled foreign company rules [costing about £1 billion a year](#). In other words: there was money available. [Student loans amount to about £3 billion a year](#).

But it's not just the fact that it's clear the money was available if only the right choices on investment had been made and Clegg had decided that enriching future generations was more important than boosting current corporate profits and bonuses. The second problem is that the claim that somehow student loans save the government money is just bogus. It's wrong. It's a lie. The loans students take out to pay their educational establishment are lent to them by the government. That's because the loans are provided by the [Student Loan Company](#) that says it's a "a non-profit making Government-owned organisation set up in 1989 to provide loans and grants to students in universities and colleges in the UK".

So let's get this right: the government lends the student loan company money that it has borrowed from the markets so that the student loan company can lend that money

to students so that students can pay it to government owned universities for their education to reduce the supposed cost of the government supplying those students with their education. But right now however you look at it, the government is actually paying for that education by borrowing. It's just, potentially, making the students responsible for one day repaying that loan. That's all the student loan arrangement actually does. It passes the buck for repayment, that's all. Nothing though avoids the fact that right now students aren't paying for the education: the government is. And all that means is that there was all the money needed to pay for the education students are having now and it was available because the government was willing to borrow for it, and actually is doing so. Therefore Clegg lied. Or is so daft he doesn't realise the truth.

Total student loan debt [is now some £40 billion](#).

National debt is supposedly just over £1 trillion. Net of quantitative easing, which will never be redeemed, it's about £650 billion or so. That difference is important here though: other parts of the deficit have been paid for with QE. That's what QE is really about: QE does in effect write off government debt so it will never have to be repaid by future generations. That's the case because repaying this debt is meaningless now: the debt is owed by the government to the Bank of England which is owned by the government and repaying a loan you've made to yourself is irrelevant: you can, or not, at your own leisure because no cash really changes hands.

But whilst that's true of most of our deficit spending that's been QE funded, as a result of Clegg's decision, based on his belief that "there was no money" when very clearly there was a great deal of it available, students are now going to be forced to repay debt for current spending when the vast majority of us will never have to do so because QE has already written the part we've benefitted from off.

So, Clegg's decision was not just a mistake: it was a callous act to impose debt on people unnecessarily and to burden them for life when for just a few £billion more on QE, which would have made no difference to markets, inflation or anything else, none of that debt burden would have been needed.

The result is that we can really say Clegg got it wrong. More than that though we can say he got it spectacularly wrong. And he is still either too incompetent to know why, or too disingenuous to admit the truth. Either way, that apology is a hollow joke that cruelly exposes the economic incompetence of the deputy prime minister.