

If Cameron needs Â£40 billion, here's how to do it

Published: January 13, 2026, 12:59 am

The [Prime Minister said yesterday](#) that he could not risk sending between £20 billion and £40 billion on boosting the economy, creating jobs, building social housing, repairing our schools or anything else for fear of increasing interest rates.

First of all that's complete nonsense. As Paul Krugman has explained time and again, the interest rate fairy is a myth created by the Austerians to justify their attack on the poor.

Second, he must know what he said was nonsense. The Bank of England could cancel that debt the moment it was created through quantitative easing. Yes, there really is a magic money tree when we have near enough 0% government interest rates, a falling money supply (12% down over the recession) and no change in sight. And QE will never be repaid.

Third, I've explained [how to raise this money, here](#). There are three ways of doing it.

First close the tax gap.

Second, use [Green Quantitative Easing](#) .

Third, [reform pensions](#).

There is no excuse for not investing, bar one. Cameron and Clegg want austerity, and for that they should not be forgiven.