

Osborne: the newly converted fan of government debt

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Who would have thought it? George Osborne is the new, and apparently the biggest, fan of government debt. Ad the [Guardian report this morning](#):

More than £1bn of the government's new market-leading pensioner bonds have been sold to more than 110,000 over-65s, according to George Osborne.

The chancellor said the sale had been "hugely successful" with £1,153m worth sold in the first two days.

A pot of up to £10bn has been put aside for the 65-plus bonds.

Osborne tweeted: "Latest figures this morning show that we've had biggest opening sales of a retail bond sale in modern British history.

"Our long-term economic plan involves supporting savers. Can report that our 65+ Pensioner Bond proving hugely successful.

The hypocrisy inherent in this is quite staggering.

First, Osborne has suddenly realised that there's no problem funding the deficit with debt because that's precisely the savings product people want to buy. But I am sure he will not change his austerity plan as a result.

Second, for a man who says he wants to cut the deficit he's also sending out the message that he has no chance of doing so: he's saying there's plenty more debt to come. But I am certain he will not admit that.

And third, for a man who obsesses about the cost of debt to future generations here he is selling debt at 4% when he could quite easily sell it [for less than half that price](#) elsewhere. No one has done more to burden future generations than he is as a result. But the tune will not change, I am sure.

So why is he doing this? Candidly, it's little better than gerrymandering. He's literally

selling the government's silver to buy votes from the over 65s. Bribery is the nicest and politest possible term for his policy.

And it's consequence? Four things.

First, over priced debt.

Second, a burden on younger generations to transfer wealth to the elderly.

Third, a transfer from those without wealth to those with wealth (no one buys such bonds unless they already have savings).

And a distortion in the market as a result of deliberate government action.

You could not make it up.