

Jeremy Corbyn: the City's new best friend?

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I [have the following article](#) on the City AM website this morning: . Jeremy Corbyn is rumoured to be leading in the Labour Party's leadership election. Without doubt he is setting the pace. The result is that words like 'hard left' are being bandied about, especially by his opponent's camps. But is he bad news for the City? As the author of some of the economic policies he has adopted (although I am not a member of any political party) let me suggest why not. First, Corbyn says he wants to clean up the UK's tax abuse industry. He's not alone, but he's suggesting real backing for HMRC to do so. I suggest there is no more pro-business policy in the UK right now. The transparency he is demanding will help the City allocate scarce resources as efficiently as possible and at low risk: that has to be what its clients want. And the tax abuse he wants to eliminate currently creates an unlevel playing field in the UK economy that harms honest business, investment, and long term thinking in UK companies whether large or small. Changing that has to be a good thing. Second, Corbyn wants growth. Right now we know the growth the UK has is based on a property boom fuelled by hot money and consumer debt. That's the path to another bust. Surely no one in the City wants that? Instead what Corbyn is offering through his People's Quantitative Easing programme is a stimulus package that does three things. First it does not add to government debt, because it creates new money, not new debt. Second it does not add to debt servicing costs as a result. And third, it does create specific, new and targeted investment in infrastructure, housing and technology. This has in turn four obvious knock on effects: the first is a serious increase in business activity and so profits; the second is a growth in the number of well-paid jobs, and so an increase in consumer spending. The third, as a result of the second point, is an increase in tax revenue and so much enhanced chance of the government's books being balanced. And last there is the resulting fact that the UK pie is then simply so much bigger that even those who might pay higher rates of tax to appropriately contribute their share to balancing the books may well have more net income as a consequence. That is, after all, the reasoning behind the OECD and IMF argument that inequality must be tackled. Third, Corbyn argues that the UK's vulnerability to the finance sector should be reduced. He has supported a financial transaction tax for this reason: I would encourage him to embrace a variable rate FTT that automatically increases the rate with the volume of dealing to deliberately counter financial panic and slow markets. And that, I suggest is

vital for the City. We could afford one bail out, and got away with it. Whether we can afford another is questionable. In that case what he's doing is in the City's best interests. In fact, what Corbyn is proposing should make him the City's best new friend. I wonder how many will recognise that though? _____ I was especially amused by this footnote:
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