Funding the Future

People's QE: the opposite of an economic policy based o...

Published: January 12, 2026, 10:21 pm

One of the criticisms made about People's QE over the last week or so is that not is not the time for it. It's said that the UK is growing: the implicit assumption is that the Chancellor's forecasts will be fulfilled. In that case it is said there is no need for the injection of state funding into the economy that People's QE might represent.

I have to disagree. There are a great many reasons for doing so. As I have already noted: the Chancellor's forecasts may be wildly optimistic. Every one he has offered to date has been. I am not saying that this means all will be, but it would be wise to recognise the possibility.

And there are good reasons to think that all is not economically rosy. Russia has just gone into recession for the first time since 2009: the consequences are unpredictable, but cannot be ignored.

More importantly, the stress in China that lead to currency devaluation overnight may be much more serious than the modest 2% cut implies. Superficially good for western importers the instability behind this move implies more stress to come, with widespread ripples. Goldman Sachs are suggesting the impact could be deflationary, and I, at least, interpret that as recessionary.

And no one can think the EU is in a good place as yet.

In that case wild comment, such as that from Liam Hannigan in the Telegraph, suggesting that People's QE is the policy of:

an economically illiterate, populist politician who then says "we want some of that" and starts to get the public behind outright monetary expansion to fund schools, hospitals, public sector pay rises and the like — the stuff of Weimar economics.

looks like pure hyperbole to be contrasted with FT Alphaville's support for the policy.

The fact is that whatever happens Labour could not implement People's QE until 2020, at the earliest. And as Liam Halligan also notes in the same article in which he criticises

And no-one knows what will happen on financial markets when our zero-interest policy finally ends. That's why the decision to raise rates, on both sides of the Atlantic, is now less about the educated analysis of wage data and oil prices than about picking a moment and hoping for the best.

In the light of that having a policy option that will have been thoroughly considered and which can deliver jobs, investment and opportunity in every constituency in the UK when the possibility that markets might fail to do just that seems to me to be nothing less than prudent whatever those who would prefer to cross their fingers might suggest.