

The costing of Corbynomics: the FT resorts to hysteria,...

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The FT claims this morning that Corbynomics has not been costed. [It says:](#)

With betting markets showing he is narrowly the second favourite to win the contest next month, attention is turning to the set of policies his supporters are calling "Corbynomics".

While some of these policies, such as an end to tuition fees, have been carefully costed, others, including a wave of nationalisations and the reversal of Conservative cuts, have not. An FT analysis shows these proposals could lead to taxation rising by hundreds of billions of pounds in the next parliament if he entered Downing Street.

I beg to differ, and with good reason.

First, although it mentions at the close of the piece that People's Quantitative Easing is one of the proposals it ignores the fact that this will pay for most if not all of the infrastructure spending that it says will have to be paid for by taxes. At maybe £50 billion a year for several years that makes a mighty big difference to the balance of the equation. If the FT has not noticed that it's fair to say that their analysis is not up to much.

Second they claim, quoting Jonathan Portes, that tackling the tax gap cannot raise money. That may be true if you believe it is £34 billion and you refuse to supply any new resources for the task, but when you have actually identified up to £120 billion and are offering real additional cash and legislative change that changes somewhat. Of course not by anything like £120 billion, but by many billions, and maybe rather more.

And the analysis also assumes a static economy when, for example, People's Quantitative Easing is deliberately intended to create new and better paid jobs in every constituency in the UK. This is no static scenario: better paid people spend more and pay more tax, as do those who earn more as a result of their spending. The virtuous nature of the Keynesian multiplier is seemingly ignored by the FT, not that there is much surprise in that.

And yes, there will, no doubt, be some additional taxes in such a programme. These are essential if inequality is to be reduced, which is a pre-condition of sustainable growth.

Whilst other taxes, such as those on land and a financial transactions tax, are designed to reduce risk and correct market imperfections. They have a double virtue in doing so, as good taxes should have.

This is no analysis in other words: this is just hysteria.