

## The motives behind Corbynomics - as I see it

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I had [this article in the Islington Tribune](#) (Jeremy Corbyn's local paper) whilst taking a couple of days off:

RATHER like Jeremy Corbyn the economics that has in the last week or so, been dubbed Corbynomics is not new.

What's new is that for the first time in years a politician who is willing to speak out for policies that might really change the wellbeing of most people in this country has hit centre-stage.

There are three key ideas at the heart of Corbynomics.

**- *The first is that austerity is not necessary.***

This sounds really radical when, for example, at the last election all three major parties competed to argue who could cut the deficit the most.

In fact though very large numbers of economists, including Nobel laureates Paul Krugman and Joe Stiglitz, have pointed out how bizarre this is.

There is, they say, no chance of a recovery if we deliberately reduce our government spending by enforcing government cuts.

And as they add, balancing the budget is not necessary, especially when right now government borrowing is so cheap that it would be crazy not to invest in our future.

Corbynomics in that case is what makes sense, revealing austerity as just bad politics.

**- *The second theme is that reducing inequality increases wellbeing for everyone, including the best off.***

Again, this is not radical.

The International Monetary Fund agrees with this claim, which is based on the logic that if you want to grow an economy fast the people who need money most are those who spend their incomes.

That's the least well off, because the best off save, by definition. So redistribution pays when you're recovering from a recession.

**- The third theme is that it's just not true that markets do everything well and the state does everything badly: the reality is that great people can do great work in either sector and the job is to pick the right organisation for the job that needs doing.**

So how does this pan out? In four ways.

- The first is in ensuring that the money to pay for essential government services is available.

This would be done by increasing some taxes on those best off, and for large companies.

It would also come from investing heavily in HM Revenue & Customs to crack down on tax dodgers.

- Second, it would come from investing new government money to kick-start the economy by building schools, hospitals, transport systems and in creating sustainable energy systems.

This is called People's Quantitative Easing because it's a variation on the £375 billion programme used from 2009 to 2012 to keep the financial system afloat, but this time the money is used to benefit ordinary people. Funding investment activity in this way makes it much easier to balance the government's books in the long term.

- Third, where it is essential that to get best public service that the state co-ordinate an activity Jeremy Corbyn is not afraid to say so.

Rail services are the obvious example.

- And last, Jeremy Corbyn is committed to beating inequality, whether from unemployment, low pay, disability, or discrimination or from lack of access to education, housing and other needs people have.

What he's quite willing to say is that if this requires a bigger state sector than we have at present, so be it.

He is saying that may be vital to all our wellbeing and we can afford it.

The UK is, after all, the sixth richest country on Earth.

What is more, the well off would really benefit: there would be growth for them too, while the risk of inflation is virtually non-existent until such time as people in the UK are as well paid and productive as the French, who beat us by 20 per cent right now.

It's different so it seems radical. But I will give the last word to the ***Financial Times***. Last week they said Corbynomics "could actually be a decent idea".

As one of its authors, I can live with that.