

## Martin Wolf on Corbynomics

Published: January 13, 2026, 8:39 am

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Martin Wolf has said in the [FT this morning that](#):

*Mr Corbyn's economic ideas are also muddled.*

*Some proposals – notably higher public investment at a time of low interest rates – make sense.*

*Some, such as letting the Bank of England inject the money it creates directly into the economy, make sense in quite restricted circumstances.*

*Some – such as nostalgia for nationalisation and the idea that £120bn a year in lost tax revenues can be readily found – make no sense at all.*

Four responses:

First, no one now seems to argue with the first point now, right across the economic spectrum, except for George Osborne and the prevailing narrative of austerity that dominates political and media debate. [Fifty-five economists](#) said they disagree with George Osborne on this issue in the FT and no-one reported that fact.

Second, of course People's Quantitative Easing only makes sense in some circumstances. They are when there is less than full employment, a recessionary environment, limited inflation risk (or a desire to create controlled inflation) and a situation where there is a need for real asset investment. Like now, for example. Quite restricted you might say, but also the new normal.

Third, what is this nationalisation thing? What is wrong with natural monopolies being state owned to prevent abuse?

And last, no one has said [£120 billion is recoverable](#). The real figures may be £20 billion, representing a rate of return on the suggested investment in tax recovery of [a little under 20:1, which is what HMRC assume](#). The only person muddling things here is Martin Wolf.

So more marks to Jeremy than Martin then.

What is then intriguing is that Wolf also says, having noticed these policies, that:

*Labour cannot now begin from the assumption that the economy is working well, because it is not. After a recovery slower than from the Great Depression, this should not need arguing. The party cannot just imitate the Tories. It needs to craft its own policies.*

That is just what Corbyn is doing Martin: it is odd he has not noticed. Corbyn is challenging the whole austerity narrative and Wolf has not noticed. Instead he says:

*It is, in fact, possible to envisage policies that are both rational and radical: land-use planning and land taxation, housing, the finance of local government, taxation of inheritance and the structure of taxation – all cry out for reforms.*

For the record, I address all of these in the forthcoming Joy of Tax.

And then Wolf adds:

*I would argue, as well, for stronger policies in [support of innovation](#) and a focus on the huge risks to the economy of its dependence on soaring private debt.*

Maybe Martin has not noticed that PQE reduces that risk of soaring private debt, as does the broader anti-austerity agenda. But then, having called for all this (none of which I disagree with), Wolf is despondent, saying:

*Yet in practice an opposition arguing for such radical reform appears inconceivable. If it were to be radical in such a way, it would probably be as unelectable as Mr Corbyn's version. It is depressing to accept that a complacent government and an unelectable opposition are what the country must now expect.*

Labour is likely to ask for all the things Wolf wants. But Wolf thinks that despite the desirability of Labour doing so it will still be unelectable without giving a hint as to why, meaning at the end the whole piece he presents no argument: it's just defeatism.

All of which is as incomprehensible as Wolf's inability to read what Corbyn really meant on the tax gap.