

## An economic plan for 2016

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I have already [noted that the prospects for the UK in 2016 are poor](#). So what would I do, given the chance?

The required strategy must have three characteristics.

First it must reflect economic reality.

Second, it must be counter-cyclical.

Third it should be intended to provide long-term benefit and not be a job creation programme per se.

Dealing with these issues in turn, the first economic reality is that people on depressed wages may borrow a little more in 2016 but business, high earners and the overseas sector are going to be saving in the face of economic uncertainty. This will mean that the UK deficit has no chance of declining and may even rise this year as the government is forced to issue gilts to meet demand for safe savings products. The reality is that there is no point in fighting this demand; it may as well be braced and even encouraged. The government as depositor of last resort is an important role to accept. This means money is available to the government.

The second economic reality is we need houses, infrastructure, innovation and training, with a focus on the new enterprises that the green economy can deliver. The need for a [Green New Deal](#) remains as strong as ever. It sets loose a carbon army to create the basis for our long-term future.

The third economic reality is that hitting the poorest hardest in the name of austerity is deeply counter-productive for the UK's morale. It is a policy that has to be reversed at the same time that petty squabbles inspired by the aim of a balanced budget have to be abandoned when there is no prospect of that happening anyway. So, cuts must go: the focus has to be on growth creation (that will repay debt) instead.

So those are the realities.

Ending austerity and delivering a Green New Deal are the necessities and both are counter cyclical.

The long-term benefit of the Green New Deal comes from the investment it creates in housing, energy, skills, innovation and in the economy that exploits these opportunities.

And how is the issue of borrowing addressed? In three ways.

First, by saying now is the time when it makes sense to borrow.

Second, by creating better accountability for its use: that is the role of a National / Green Investment Bank. The initial capital for this bank can come from redirecting the billions of quantitative easing redemption investment scheduled for this year into bonds to be issued by this bank, or banks if there are regional versions of it. That is the identifiable role for People's Quantitative Easing this year.

And third - you have guessed it - by investing now to close the tax gap, which will take time but which is both entirely plausible and is essential to deliver the level playing field needed for the long term survival of a mixed economy in which the dreams of small and medium sized enterprises in the UK can survive in the long term, which is impossible if they continually face competition from unchallenged tax cheats.

It's a plan.

It's logical.

It's based on reality.

And need.

The funding is available.

The means to repay debt, if it is ever needed, is identified.

The economic stimulus it will provide will create work, increase tax payments, reduce benefits and so pay for itself in the long term.

And it is deliverable, now, because it can start with repairs and green retro-fitting.

This is what our economy needs in 2016. And it's really not hard to explain.

Takers, anyone, under any name you wish?