

The austerity obsession is lunatic

Published: January 14, 2026, 5:44 am

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

The austerity obsession, even when borrowing costs are so low, is lunatic

I think he uses the word lunatic as a technical expression.

He is right, of course. Governments can borrow long term money at negative rates right now. There is significant spare capacity in the world, and UK, economy. There is a pressing need for more economic activity. We have a dire backlog of investment needing to be addressed. And investors are looking for a home for their money with government's willing to use it. Now is the time to invest. As Martin Wolf says, it would be lunatic not to do so.

Is helicopter money the corollary? Martin Wolf thinks so. I cannot agree. Whilst I still see a big potential role for People's QE I cannot see the reason to print money to simply give to people. There are three reasons.

First, which people? We may not know all rightful recipients.

Second, is that all people? Is such largesse required? And if some, who?

Third, is this a flat sum?

I think we have a tax system to achieve such goals, and we need to use it. Cash as confetti may not work.

And then there is the economic consequence. This policy makes as much sense as Alistair Darling's 'cash for clunkers' trading in old cars scheme which was great for VW but which did not do a lot for the UK. I can see no reason for going on a programme of import promotion.

Those promoting this idea really do have a duty to think through the detail. I have done that on People's QE. And this would create investment, jobs in every constituency,

training, apprenticeships, skills and long term returns. Surely that has to be the route to go down?