

The economy doesn't make any sense any more, but it cou.

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I was, until a week ago, scheduled to be on Any Questions tonight. But I am not pro-Brexit and so did not balance the panel, so I am not. That has not stopped me wondering what my big theme would be.

I suspect it would be that if the audience felt that none of what they were being told made any sense any more then they were exactly right to think that.

There is not only no economic sense to cutting disability benefits now, because we can most definitely afford to pay them, but it definitely makes no social or ethical sense either.

The reallocation of wealth upwards in society that the budget also delivers also makes no sense: there is not a person in this country who really thinks those in the top half of the income strata are those in greatest need of support, especially if resources are supposedly tight.

Other messages are as confused. If ever there was evidence needed that the eventual plan for schools is to privatise then the abolition of parent governors - who would have been a guaranteed block to ideologues progress as they already are to many academisations - is it

The supposed master of politics has very obviously lost his touch. And even his numbers - the bedrock of Conservative party power - very obviously do not add up.

There's always Boris of course once Cameron has been consigned to history, and like Trump he will have his supporters. Extremists always prosper in a vacuum.

So, the big question is why the vacuum? After all, it's not only on the right. I met a member of the shadow cabinet yesterday who, I suspect, is more inclined to the current Labour leadership than most and he complained of drift, and begged me to spend more time in Westminster. The malaise is widespread.

There is, I suggest good reason for that. Politically voters know that none of the

solutions they are being offered makes sense. Those offering them are far, far too frightened to offer them anything much different. You can't explain John McDonnell's unnecessary (and thankfully largely meaningless) fiscal charter any other way. Instinctively people know we can do better than this, but no one is sure how that can be true when the economy looks set to stay forever in the doldrums.

So let me suggest an answer. It's simple. It's bold. It sets people free to work. It liberates the government to do its proper job. It ends forever the myth that the state can do nothing unless the private sector pays for it. It recognises and seeks to liberate the worth in all of us. It will tackle the malaise of low productivity. Astonishingly, it's also costless. It's called creating credit. But it can also be called printing money if you really want. And I am also suggesting borrowing for the public good. Attached to all three is the related issue of then using the resulting funds for public good.

The fact is that we don't have enough money to go round at present given the constraints the government is imposing on itself. That is the problem we face. It has been ever since 2008. Since then we have had no problem with government spending. We have had shortfalls in government income. That's because the private sector has simply not generated enough economic activity to pay the tax to balance the government's books. So we have had a deficit. And to try to solve that problem we have, quite absurdly, tried to cut the government's contribution to the economy to guarantee that it too reduces its contribution to our well-being. That's exactly why we end up in the absurd position of being the fifth richest nation on earth and supposedly unable to supply the assistance people with disability need to live dignified lives.

But it's no true that we cannot afford these benefits for those who need them. The problem is that the resources required to meet those needs are sitting idle or underemployed. We know the private sector is not generating wealth. We know it is not investing. We know that we take five days to produce the output in the UK that the French make in four (let's forget comparison with the Germans). We know that our emphasis on financial services, on saving, on accumulation of property wealth, on selling tax avoidance (what else is the 17% corporation tax rate about?) and keeping the City of London happy is hollowing out our economy for the benefit of just a few. But what we need to do is ensure that these absurd situations can be changed.

That's why we need to accept three things. The first is that the private sector will not deliver the recovery the UK wants. It will partner that recovery, but not deliver it. That's because recovery requires customers and right now the customer for the things that are really needed in the UK - like aids for those with disability - can't buy them because their income to do so is being cut. The reality is we have enough stuff of the sort the private sector is so good at making. What we need are customers for its also undoubted ability to help meet real fundamental needs, and the current government is refusing to play that role at cost to those with disability, to business that is losing business as a result, to those who cannot work as a result and whose productivity is lost as a consequence, and to the government itself as the sum total of economic activity

continues to collapse.

Second, we need to accept that in that case the government cannot solve this problem by cutting. Cuts may help a household balance its books but they actually do the exact opposite when you're trying to get an economy going again. When you are responsible for a whole economy (and the government is, although this one tries to deny it, thinking it is not responsible beyond the boundary of its own books) then cuts do not just reduce your spending - and so make you worse off - they also reduce your income too, which compounds the loss.

Third, that means someone, somewhere has to talk radical change.

This is the radical change that ensures that there is more money in the system. We have already done this once. We made £375 billion of quantitative easing in the UK to effectively bail out banks and not a single penny was charged to the taxpayer for doing so. [Banks make money out of thin air](#). We can have just as much of it as we like. And creating £375 billion of it - which reduced the national debt forever by that same sum although all politicians refuse to acknowledge it despite the fact that this amount of government debt is now owned by the government itself and so due to no one - did not create inflation. We do, in fact, have almost no inflation at all and no risk of it. And yet, despite that, we hear tortured discussion after tortured discussion on news bulletin after news bulletin on how George Osborne must, but may not, balance his books.

Well, I will tell you how he can balance his books. He should say that because of the shortfall in private sector activity in the UK right now he accepts that he has no chance of covering government spending with taxes. And that he has no chance of paying for the investment he needs to make with taxpayer funds. He should say he recognises the sheer impossibility of those goals. There is just not enough demand for privately made goods and services right now for enough taxes to be generated to ever make that happen. He should say it is time to acknowledge a truth that there are things that the economy needs to do, and which it must do, not least for those with disabilities and all others in need. And that to do this he will deliver a new economic plan.

Firstly, he will borrow to invest and to show he has done so this borrowing will be through a national investment bank that makes clear the accountability for the funds it puts to use. The commitment should be to invest as much as is possible to use up the capacity of the UK to build for its future. This is the real way of making sure the next generation do not lose out. Nothing less will do. And he will acknowledge that financial markets are queuing up to let him do this. He will start small with new streets of houses and not HS2s or major rail line electrification. That way things get going quickly. And he will train people along the way so that bigger projects that might follow. Vanity will not come into this. But every constituency - whoever it voted for - will.

And he will say he will run a deficit. He will admit the truth that he has no choice but do so. But he will say it does not matter. He will run a QE programme - at least £70 billion

and maybe more for the next five years if need be - which is a total sum less than was needed to bail out the banks - to clear the debt that this would otherwise generate. There will be no cost to creating this money - because that is quite literally true. But there will be benefits. People will go to work. People will pay tax. People will stay in their own homes. More people will have homes. More people will be trained. People will earn more as the demand for labour grows. Government revenues will grow. Benefit claims will fall. Productivity will rise. Economic growth aimed at meeting need will be delivered. A newly balanced economy will be created.

And all that can happen if we accept that deficits are part of life, but that deficits can be cleared by QE when there is no or low inflation and that government has a central role in getting us out of the mess we're in by delivering not fripperies, or silly savings products for the already rich, but the things that the people of this country who have real needs actually require to ensure that those needs are met.

When that happens those with disability will not be the victims: they will be at the forefront of our thinking. As will be the young, those on low pay, those who need training and those children who need a stable location called home to live in.

And all this is possible if we'll just risk printing the money we need that might at best deliver the inflation we so desperately want of maybe 3% a year.

Never has a more virtuous economic prospect that is so readily available to so many been denied to them by a political class made up of so few out of touch people.