

Stephen Crabb: half way to People's QE

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Last September I idly mused on [what George Osborne might call](#) People's Quantitative easing when he introduced it. I did not do so for effect: I did it because I thought he would use my idea.

We now know I was wrong: in George Osborne's remaining time in office he only appears able to think [about tax cuts](#), which I can say with confidence are the last thing this country needs.

One of those who wishes to be his new party leader is, however, thinking along quite different lines. The BBC has reported that:

Tory leadership contender Stephen Crabb has pledged to create a £100bn "Growing Britain Fund" if elected.

The work and pensions secretary said the infrastructure investment fund could finance essential projects including flood defences, a national fibre-optic broadband network and Crossrail Two.

The money would come from issuing new government bonds, Mr Crabb said.

Bond yields have fallen since the Brexit vote, lowering borrowing costs.

"The cost of borrowing is incredibly low. Spending government money on infrastructure has therefore never been more affordable," Mr Crabb said.

First, full marks to him: he's right.

Second, I agree that this is not QE: this is old-fashioned borrowing at zero effective cost, but I've never denied the importance of that ([indeed, I have called for it](#)) and anyone who understands QE realises that issuing bonds is the first stage of the process.

Third, this proposal blatantly borrows from the idea of a National Investment Bank which was at the heart of the People's QE proposal.

I do accept that it is very unlikely that Mr Crabb will, in practice, become the Conservative Party leader. It could, therefore, be said that he can say whatever he likes without any risk of having to actually implement the policy (which, it seems that every politician does that right now; they simply resign when they have won). I do not, however, think such cynicism is appropriate in this case: whilst I am certainly not endorsing any candidate for Conservative leader, I am definitely saying that this is credible economics, is in the public interest, and would be a benefit to the UK economy.

I very much doubt that I could say the same thing of all of Mr Crabb's policies, in which case those who really want to see change for the better should wake up and realise that their ideas are being used.