

Corbyn's investment plans will cost less than the gover...

Published: January 13, 2026, 6:37 am

Between 2009 and 2012 the Bank of England ran a £375 billion quantitative easing programme. It is now running another £60 billion programme for government bonds. That means that over a period of eight years the Bank of England, which is wholly owned by the UK government, has in effect printed £435 billion of money to inject into the UK economy, none of which will (whatever some economists, with their heads in the clouds, like to claim) ever be cancelled. That has then been a money printing programme of near enough £54 billion a year over an eight year period.

The stated aim of the programme has been to change investor risk profiles by forcing them into higher risk assets, such as lending to business, in a search for investment returns.

In fact the result of the programme has been guaranteed investment returns for those already wealthy in the UK. Without requiring anyone to do a stroke of real work, let alone take a real risk or innovate in any way, this QE programme has pushed up government bond prices, commercial bond prices, share prices and, as a knock on effect, house prices, most especially in the City of London influenced south-east of England. Bankers have enjoyed bonuses. Estate agents have had a field-day. The wealthy have got wealthier. Income inequality has risen. Social tension has increased. The political consensus has begun to fail.

That's some legacy for a programme that I suggested was wrong headed in 2010 when, with Colin Hines, I created the idea of Green Quantitative Easing, now better known as People's QE.

Jeremy Corbyn and John McDonnell are now proposing [what I suggested in 2010](#), which is a National Investment Bank. And as I argued then the reason is:

There is an urgent need for action to stimulate the economy by investing in the new jobs, infrastructure, products and services we need in this country and there is no sign that this will happen without government intervention. For that reason we propose a new round of quantitative easing — or Green QE as we call it.

Nothing has changed in the meantime. Business still sits on massive cash piles and neither invests nor innovates. There is what the Financial Times calls a savings glut, fuelled by those with wealth having no desire whatsoever to take risk in the real economy when QE continually inflates the value of their assets without risk on their part. And that's true despite real interest rates effectively disappearing: there is virtually no return on money now. Despite that there is one savings based asset in chronically short supply, which is government bonds.

There is good reason for that. A mass of people of around my age (late fifties) are set to retire sometime soon. Some baby boomers already are retired. And insurance and pension companies are in desperate need of gilts, which underpin their commitment to such people as they are the only secure means available to guarantee that pension obligations can be spread over likely retirement periods.

So two paradoxes arise right now. First, we are doing QE in a sum that is a bit less than the UK's expected borrowing for this year, which means none of the new bonds the market is so desperate to buy are going to be made available to it. And second, the opportunity to meet that demand with a new bond issue that would create the new assets this country needs in the form of new housing, broadband, transport improvements, green energy and so much more, is being denied to the market.

And that paradox arises all because the Daily Mail says firstly that it is La La Land economics to supply the savings products pensioners need secondly and it's going to drive the country to the wall to build the assets we need, using the people who are under-employed in our economy, to create the legacy our children require from us in the form of the sound foundations for a twenty-first century economy.

Now, as a matter of fact the government, or its National Investment Bank could, I have no doubt, sell £50 billion of bonds to markets a year right now. But just in case it could not then People's QE could be used to buy the bonds instead. And doing so would involve creating less money a year than the Tories have been doing throughout their time in office.

What is more, as we have seen, doing this amount of QE a year does not produce inflation.

And unlike conventional QE which produces almost no return to the government, because it has all gone to almost untaxed increases in the price of assets owned by the wealthy, People's QE provides a massive yield to the government. That's because it takes people off benefits, increases incomes, so reducing claims levels, and increases the level of economic activity so unceasing tax paid. Some estimates say it can pay for itself within a very short period in this way; those suggesting that's the case include the IMF and major rating agencies. I think they are right.

So why isn't Labour spelling all this out, loudly, clearly and consistently? I really do not know.

Why isn't the SNP demanding People's QE funds for Scotland? Again, I really do not know.

And shouldn't Sadiq Khan be doing so for London? I think so.

Likewise, Wales, Northern Ireland, Bristol, Manchester and more.

Those who want this country to deliver, for its people now and for those to come, should be demanding this investment that's funded either by the government backed bonds that pensioners want to buy, or via People's QE if those pensioners can't provide enough money at affordable rates.

This is not a magic money tree. It's actually spending less a year than the Conservatives have done to subsidise wealth. But it's all about creating wealth instead of subsidising it, which is what the real role of government should be. Surely nothing makes more sense than that?

In that case isn't it worth just a few politicians learning some sensible lines that really aren't hard to master to justify how and why we should do this? Isn't their vision of the future worth just that small amount of effort? I really hope so, because the time to reject the failed economics of the Daily Mail has arrived. And we need this wholly affordable investment, now.