

## Cutting the cost of PFI

Published: January 13, 2026, 1:02 am

---

From [blog here](#) to the [lead Guardian letter](#) for tomorrow's paper:

*In your editorial (26 September) on John McDonnell's proposal that PFI contracts be bought back by a future Labour government you suggest that any such action might be constrained by the need to persuade the financial markets to continue to lend the government money. This was an error on your part: this constraint does not exist.*

*Firstly that is because no government has to borrow. Quantitative easing proved that. In the UK the government (via the Bank of England) has done £435bn of QE, with the result that the government owns nearly a quarter of its own debt now, effectively cancelling it and all the interest payments due on it in the process. What this means is that another £58bn of QE could be used to cover capital costs of PFI without any difficulty. The remaining cost of buying out the service element may be little more and since QE debt carries no interest cost, there may be precisely no cost at all to buying these PFI contracts back into government control as a result. This was precisely the basis of People's QE, [which I created in 2010](#) and which was one of the platforms on which Jeremy Corbyn was elected Labour leader two years ago. In that case the idea that we are beholden to the bond market "confidence fairy" (as Paul Krugman so aptly named it) when proposing such a move is just nonsense. The fact is that if bond markets are truculent any government can just work around them.*

*Second, your editorial also ignores the fact that there is enormous demand for government debt from the growing number of relatively (and I stress relatively) wealthy retirees needing a secure home for their money. The enormous cash piles of multinational corporations only adds to this demand. That demand proves that in fact those buying government debt are not doing the government a favour: it is instead doing them a favour by providing them with the secure savings opportunity that they crave.*

*People's QE was one of the core pillars of [Corbynomics](#) and can deliver the end goal of cancelling PFI. It is time for it to re-emerge centre stage and see off once and for all the interminable questions of how PFI repurchasing and other infrastructure investment will*

*be paid for.*

*Professor Richard Murphy*

*Professor of Practice in International Political Economy,*

*Department of International Politics, School of Arts and Social Sciences, City, University of London*