

Funding the Future

Labour's investment plans are a step in the right direc...

Published: January 13, 2026, 1:23 am

As the [FT has reported](#) this morning:

Britain's Labour party is planning to more than double the amount it would borrow for capital spending in its first term if elected, the shadow chancellor will announce on Thursday as he lays out the opposition party's financial plans.

John McDonnell's pledge to increase the party's previous borrowing commitment from £25bn a year to £55bn sets up a spending battle with the Conservative party after [Boris Johnson](#) officially launched Britain's general election campaign on Wednesday.

Labour's 2017 promise to borrow £250bn over 10 years for a new national transformation fund will now expand by adding £150bn over the first five years – taking the fund up to at least £400bn after a decade with much of the spending front-loaded.

It adds:

Labour would increase net capital investment from £47bn this financial year to more than £100bn a year, using the extra borrowing to invest in transport, energy, housing, education and the NHS in what would be the biggest boost in public sector investment since the 1970s.

Several thoughts.

First, it's not enough to pay for a Green New Deal: [that will cost £100 billion a year by itself](#).

Second, it's good news nonetheless: this is a step in the right direction.

Third, this is entirely [fundable using existing personal savings](#) and without any significant tax cost.

Fourth, given the massive underemployment in our economy I think there is the capacity to spend this sum, but I do not doubt the training issue is significant.

Fifth, this means Labour has to abandon its fiscal rule. I simply say that I always thought it would, and am delighted it has. It was always bad politics and bad economics.

This is a good start by Labour. But it is only a start.