

I was right: People's QE is required in 2020, as I fore...

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Jeremy Corbyn is no longer leader of the Labour Party.

Like it or not, I have to accept my role in his selection for that job. As the [FT reported in August 2015](#) in an article that discussed whether I was, or not, Corbyn's economics guru:

Mr Corbyn is one of a number of people who has backed the idea of a “people’s quantitative easing” in which the Bank of England would print money to fund a national investment bank that would invest in capital projects such as housing, roadbuilding and green technologies.

Richard Murphy, a prominent advocate of people’s QE, told the Financial Times the idea works only if the current government's plan fails badly. “People’s QE is necessary only if George Osborne’s plan comes off the rails pretty fast, which it almost certainly will,” he said. “There is a significant risk of another recession.”

As they noted then, and which I did not dispute:

The idea of people’s QE was floated during the depths of the [2008] crisis but some economists say that if it was used during more benign conditions, it could cause inflation and undermine the independence of the central bank.

However, as they added:

But Mr Murphy said on Thursday that people’s QE would be essential by 2020 because the economy would probably have taken a battering by then. “China’s currency devaluation is likely to export deflation, to prick the housing bubble and to prick the investment bubble,” he said. “But if it is not China, it will be something else – there are significant other problems which the chancellor is doing nothing about.”

In any case, he added, if Mr Osborne’s plan for the economy was successful, there was no chance of Mr Corbyn or any other Labour candidate becoming prime minister in 2020. “There isn’t going to be a prime minister Corbyn – or Burnham, or Cooper, or

Kendall - if George Osborne delivers his plan. If you deliver bright, shiny blue skies, then arguing about whether Corbynomics works is irrelevant."

The simple fact is that I was right. There aren't, you may have noticed, shiny bright blue sky now. The economy has instead taken a battering, [as the FT has acknowledged today](#). And the time for People's QE - which was always direct monetary funding (DMF) of government spending by central banks - has arrived.

Now let's get on with it.

The FT should be applauding now.