

The government's costs of borrowing are going to fall a...

Published: January 14, 2026, 4:22 am

If the debt fetishists were to be believed the additional supposed borrowing that the government is going to take on to pay for the coronavirus crisis will burden us forever, and leave the government crippled with an unaffordable debt mountain.

That's not true. I have noted the impact of quantitative easing on this issue already, using data from today's [Office for Budget Responsibility report](#), which is manna for those fetishists. And yet, within it are the true stories, which I have already been noting, [here](#), and [here](#).

Now let's look at another aspect of this report which the debt fetishists who want to slash government spending will not be highlighting. It's this:

Table 3.23: Debt interest spending: central scenario versus March forecast

	£ billion				
	Scenario period				
	2020-21	2021-22	2022-23	2023-24	2024-25
Central government debt interest, net of APF					
March forecast	34.5	37.8	37.9	37.3	36.7
Central scenario	20.6	23.4	28.6	29.2	29.5
Difference from March	-13.9	-14.5	-9.2	-8.1	-7.3
Central government debt interest					
March forecast	44.7	47.6	46.5	45.9	45.2
Central scenario	36.8	40.4	43.9	43.8	43.5
Difference from March	-7.9	-7.2	-2.5	-2.0	-1.7
of which:					
Interest rates	-1.7	-4.1	-5.1	-5.2	-5.2
Inflation	-6.5	-4.7	0.6	0.9	0.7
Financing	-0.2	1.0	1.4	1.7	2.1
Other factors (including outturn)	0.5	0.6	0.6	0.6	0.6
Asset Purchase Facility					
March forecast	-10.2	-9.8	-8.6	-8.6	-8.5
Central scenario	-16.2	-17.0	-15.3	-14.7	-14.0
Difference from March	-6.0	-7.3	-6.7	-6.1	-5.5
of which:					
Interest rates	-5.7	-6.6	-6.0	-5.7	-5.4
Additional quantitative easing	-0.3	-0.6	-0.7	-0.4	-0.1

The critical data is highlighted in blue. This is the true cost to the government of borrowing after the cost of debt canceled by QE is taken into consideration.

As is apparent, for every one of the next five years the cost of borrowing has been reduced by the coronavirus crisis despite the fact that in every one of the next five years a deficit of more than £100 billion is forecast.

The rest of the table explains why. Much is due to quantitative easing cancelling debt costs. Some is due to falling rates. But the fact is that interest rate costs to the government over this period despite not less than £800 billion of additional debt being forecast will fall.

In other words, this debt is not imposing any real cost on us at all. In fact, the costs of debt are falling.

So why is anyone obsessing about it? Could it be that the real issue is that the debt fetishists comply don't want the government to spend and that's their real agenda, after all?