

Sunday morning thoughts

Published: January 13, 2026, 1:20 am

These got posted on Twitter this morning, the last two as a very short thread:

How many times this week will we hear the lie that the government has borrowed £300bn to pay for Covid? It hasn't. It has issued debt, but then immediately repurchased it using new money created by the Bank of England. This debt has already been repaid in that case, for good.

There are problems with quantitative easing, which is the process where the gov't buys back its own debts using money newly created electronically by the Bank of England. But the one thing it does do is cancel debt. And that's what has happened with all the Covid debt, already.

For those who are claiming today that it took a century to repay First World War debt, with it going in 2015, I am sorry to disappoint you, but it was not repaid. It was just refinanced with a new bond in 2015. We still owe it. The repayment was just another government debt sham.

The government is claiming that a 1% increase in interest rates will cost it £25bn, and so austerity is required. That is a straightforward lie. Even they cannot claim the national debt is £2,500 billion: it isn't. It's under £2,200bn, at most. 1/2

Given the government owns over £800bn of the national debt and gets the interest back on that amount the real cost of a 1% interest rate increase is £13bn at most. Just by doing the accounting properly I just found £12bn of the money government does not want to spend on the #NHS. 2/2