

Labour must tackle the idea that the country is like a ...

Published: January 13, 2026, 10:07 am

My Green New Deal colleague, Colin Hines, had this letter in the [New European](#) this week:

Labour's chance

James Balls article (“How we must pay for Covid” TNE#234) should become key reading for Keir Starmer and Anneliese Dodds. Its central message is that the old Thatcherite ruse that government finances work like a household budget was blown out of the water by the response to the economic crisis of 2008. This was when the Bank of England began creating hundreds of billions of pounds through the process of quantitative easing (QE), whereby it electronically creates the money involved and no government debt is incurred. This process has been repeated to help pay for the effects of Covid.

As he points out what has to be realised is that the Bank of England is now the biggest holder of the UK's national debt and that it is owned by the UK state. We therefore owe ourselves hundreds of billions of pounds.

It is often forgotten that before Thatcher, state funds were always referred to as the “public purse”. It is our money because it is our government that creates it. There is therefore no such thing as “taxpayers’ money”.

As the Tories bask in a vaccine poll bounce their next step will be to return to austerity. Labour will be invited to show fiscal propriety in supporting this.

Sunak, a professed Thatcherite, will don the ‘sacred duty’ mantle of slashing the deficit instead of dealing with the social and environmental deficits. Labour must explain the difference between household's inability to print their own money compared with government's ability to create the money it needs to ensure the nation builds back better and greener.

Colin Hines

