

# Funding the Future

## The national insurance increase planned for April cannot...

Published: January 14, 2026, 3:59 am

Prof Danny Blanchflower and I [had a brief Twitter exchange](#) last night on the subject of cancelling the planned national insurance increase, due in April, about which there is some speculation in the media:



**Professor Danny Blanchflower economist & fisherman** @... · 9h ...

Treasury unease over fears of No 10 U-turn on national insurance hike  
It may appease right-wing Tories but @RichardJMurphy and I think it would be a great idea....  
taxing jobs makes no sense as the economy slows



theguardian.com  
Treasury unease over fears of No 10 U-turn on national insurance hike  
Embattled PM may scrap policy to win support of rightwing Tory MPs and save his job over alleged lockdown parties

4   24   60

**Richard Murphy** @RichardJMurphy · 9h ...

Entirely agreed Danny.....and it will make inflation worse by adding another supply chain issue

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**Professor Danny Blanchflower economist & fisherman** @D\_Blanchflower ...

Replying to @RichardJMurphy

inflation hurts but unemployment hurts much more - why would any credible fiscal authority want to raise the price of labor vs capital other than to reward their capitalist pals...?

10:44 PM · Jan 27, 2022 · Twitter Web App

I think that the view from the [Mile End Road](#) is clear and is that this increase is entirely unnecessary.

The government is raising more revenue than it already expected this year. There is no reason in that case for it to raise more.

There are also very clear indications coming from the Bank of England that the quantitative easing program is to be put into reverse very soon. That is also the clearest possible indication that the government does not need more funding when over the last two years QE has almost exactly funded all government deficits, as data from the New Economics Foundation shows:

Figure 11: Bank of England asset purchases track the government's borrowing needs  
Net cash requirement (exc PS Banks) (PSNCR exc): £m CPNSA and BoE asset; Purchases total allocation (nominal £m), both cumulative, March 2020-July 2021.



Source: ONS and BoE, authors' calculations updated from Giles and Stubbington (2020)

There is in that case no reason for those on low pay to be asked to increase their contribution to government funding.

As I noted, increasing the cost of labour can also only create additional problems in recruiting the people that are needed by many businesses in the UK, so increasing supply chain disruption and, in due course, inflation.

As Danny notes, there is something more fundamental in this, which is a deliberate attempt to re-orientate returns in society through labour towards capital.

However looked at, this increase is not needed. Johnson might offer it up as red meat to his backbenches, but the reality is that the Treasury were always wrong to demand this increase which has nothing to do with the funding of the NHS or social care, and everything to do with the imposition of austerity on those least able to afford it.