

The NHS need not die: Rachel Reeves just has to permit ...

Published: January 13, 2026, 10:33 am

According [to the FT](#) this morning:

England's NHS is in "critical condition" after years of underfunding, an official review into the health service has warned.

Lord Ara Darzi's government-commissioned report, out on Thursday, attributed the dire state of the health system in large part to the austerity policies of the 2010s, which slashed public spending in a bid to cut the budget deficit.

Apparently, the suggestion is that the NHS has been underfunded, at least as far as investment is concerned, by £37 billion.

Starmer's reaction is forecast to be predictably stupid. In a speech to be made today, he will apparently offer The "biggest reimagining of our NHS since its birth". And he will add:

We know working people can't afford to pay more, so it's reform or die.

This would not be a concern except for the fact that Starmer said this and that the prescription is so dire.

If the shortfall in NHS funding is because of a shortage of investment, then the obvious response required is to provide that investment. Of course, that is not going to be paid for by "working people", by which he implies taxpayers.

Partly, that is because taxpayers never fund government spending.

Partly, it's because if there is a shortage of investment, then very clearly, it is new capital that is required.

In either case, to say the NHS is in a crisis because of a shortage of tax revenue is just wrong. It is not. It is in crisis because of successive government's obsession with debt and their refusal to borrow the funds required to deliver the NHS we need.

So, a simple question is, can £37 billion be found? The answer is yes, of course it can.

Firstly, £33 billion of government bonds were sold to shrink the size of the Bank of England balance sheet between April and June this year, and no doubt quite a lot more have been since then. None of this money was put to productive use, but the City did provide it. Cancel the quantitative tightening programme, and it could be used to fund the NHS instead. We know the market wants bonds. That they have bought these proves it. So sell them a new NHS bond for £37 billion now and solve the problem.

Alternatively, use quantitative easing, although cancelling QT would be better. But do new QE instead, if need be.

Or just issue a new bond alongside the QT programme. I think that might be hard in one go, but not all the money is required in one go, so do it at the rate of £10 billion a year and markets will absorb it with ease.

Or, instead, go around the City. Instead, just issue a National Savings and Investments (NS&I) bond for £37 billion to raise the money directly from the public. Allow it to be held in an ISA. Pay a fair rate of interest. Market it well. The money will roll in.

So does the NHS have to 'reform or die' under Labour, proving in the process that the Tory policy of denying it funding until it collapsed, then requiring private sector medicine instead, was correct, although the conclusion will now (totally bizarrely) be delivered by Labour, who have fallen right into their trap? No, of course, it does not.

In a country with £15 trillion of financial wealth of course there is money available to fund the NHS.

And cuts are not needed.

Nor is privatisation required.

All that is necessary is sufficient financial imagination to permit the raising of the NHS to make good the shortfall the Tories left. I have outlined the way to do that, with alternative options being available just in case one of them does not appeal. All are technically possible and entirely plausible.

What we are seeing is Starmer, Reeves and Streeter announcing today that they are choosing to deny the NHS the funding it requires to meet needs. That's the reality of what today's announcement is all about. And yet more people will die as a result of Rachel Reeves' obsession with balancing her books as a consequence.