

Funding the Future

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I asked when posting a poll this morning whether a bullet-point summary of [my argument for eliminating bond markets](#), generated by AI, would be beneficial.

This is what ChatGPT made of that article. I asked it to summarise it using numbered headings with bullet-pointed sub-headings. I have not edited the output. Your opinion would be of use.

1. We are not short of funds - we are awash with them

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As Martin Wolf has frequently highlighted in the ***Financial Times***, the world suffers from a chronic savings glut.

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Vast pools of capital are searching for safe and meaningful returns.

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The problem is not excessive government borrowing, but the failure of financial markets to match surplus savings with socially useful investment.

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This is a structural failure of capitalism, not a fiscal crisis.

2. Quantitative tightening is a political choice - and the wrong one

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The reversal of QE through QT is not an economic necessity but a decision driven by inflation fears and deficit dogma.

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QT drains liquidity from the financial system at a time when capital is not flowing to

where it is needed.

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QT worsens market dysfunction and increases the appearance of funding stress for governments.

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Ending QT would relieve pressure on bond markets and reduce borrowing costs.

3. QE worked - and could work again

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QE lowered borrowing costs, stabilised financial markets, and supported public investment.

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It showed that central banks can play an active role in supporting government finance.

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There is no technical reason QE cannot be reactivated, albeit perhaps redesigned.

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Reintroducing QE would be rational in a world where private markets are failing to deliver capital for public need.

4. Governments are not like households - they have more tools

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Governments issue currency and are not revenue-constrained in the same way private actors are.

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The UK government can, legally, borrow directly from the Bank of England via the Ways and Means Account.

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This option avoids reliance on private bond markets when those markets are dysfunctional.

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There is no constitutional, legal, or economic requirement for the government to behave as if it is financially constrained.

5. Wealth taxes are the obvious and fair alternative

- * The wealthy have gained the most from low interest rates, asset price inflation, and generous tax cuts.
- * They are not paying proportionate tax relative to their gains.
- * If inflation control is needed alongside investment, taxing wealth is the best solution.
- * This also addresses inequality and improves social cohesion.

6. Cutting public spending is not a real option

- * Philip Coggan suggests governments must either cut spending or find new bond buyers.
- * Cutting spending would deepen poverty, reduce economic activity, and destroy essential services.
- * It would hurt the vulnerable and make inequality worse.
- * No serious economist believes this is a viable route to long-term economic health.

7. The problem is structural - not excessive public spending

- * Gilt markets and modern finance are based on 19th-century assumptions about money, savings, inflation, and state risk.
- * These markets serve speculators, not society.
- * The system is no longer designed to deliver long-term capital for public good.
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Blaming governments for the failures of these systems is a fundamental misdiagnosis.

8. It's time for purpose-driven public finance

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Governments should move beyond selling generic gilts into volatile markets.

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They should create savings products that meet social goals and attract domestic savers:

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Green New Deal bonds for climate infrastructure

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NHS bonds to invest in care and staffing

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Local resilience bonds to support communities

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These instruments could appeal to savers holding excess capital who seek safe, socially purposeful investment.

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This echoes the post-war savings drives that rebuilt Britain – and could do so again.

9. The real crisis is political cowardice, not public debt

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The idea that we have run out of fiscal road is false.

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The road has been narrowed by ideology – not economics.

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We lack courage, not cash.

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We must stop appeasing markets and start designing financial structures that serve people and planet.

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It is time to reimagine government finance for the 21st century.