

You can't fund growth from the petty cash tin

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I have now read what Vince Cable had to say yesterday (I was in court when he spoke).

Polly Toynbee has written well on this issue in the Guardian this morning, and we did discuss it yesterday.

The key issue is a simple one. Vince Cable is talking the talk but the reality is he is not in any way funding the walk.

If any government is to get us out of recession then it needs to have one aim and that is full employment. That is possible. It can be funded. I have explained why at length on this blog. For example, £20 billion of funding for long term investment in the UK is possible by simply demanding that pension funds provide the money in exchange for the much greater tax relief that they enjoy.

And what is more - we know that this will work. Putting people to work cuts government spending and raises tax revenue - statement so obvious no one can deny it. In that case such spending actually pays.

Which means Vince Cable should not be funding growth out of the petty cash tin which is what he is announcing right now.