

Citigroup says China needs the likes of People's Quant...

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This is a headline [from the Daily Telegraph today](#):

In fairness, this is not Corbynomics' People's Quantitative Easing which involves printing money to create investment: this is printing money to create internal consumption that is being called for here. I have rejected that option for the UK although it is promoted by the likes of Simon Wren-Lewis precisely because if we were to do it almost all the benefit would flow to China via a short term spending spree with no long term benefit to the UK at all. What we need is investment, of which we are desperately short and not consumption, of which we have too much fuelled by debt right now. That is precisely why China needs the opposite use for newly printed money to us right now.

But, and I stress the point ([which I last made very recently](#)), when monetary policy has effectively ceased to exist in many economies (and because of the excessive debt it has in many ways in China's now) and when the fiscal options are limited and there remains a need to tax because tax has desirable attributes like redistributing income and wealth and repricing market failure then new fiscal policies are needed.

In China they have had excessive investment so they need helicopter money.

We have had a shortfall of investment. We will need People's Quantitative Easing.

But have little doubt: these types of quantitative easing are where we are heading now, and in the vast majority of cases it will be People's Quantitative Easing that will be needed.