

Is PQE fiscal or monetary policy, or a crossover between...

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I have already noted that [Prof Bill Mitchell](#) of Newcastle University, Australia, my good friend Ann Pettifor and I are having a discussion of Modern Monetary Theory next Thursday evening. [I am now pleased to note that the venue has been moved](#) because the 500 seat venue first booked sold out in two hours: the new venue is now fast selling out as well, but there are still tickets available (and when I say 'sold' they're actually free — but you have to get one).

In the context of this talk it was interesting to read what Bill Mitchell [had to say about People's Quantitative Easing](#) on his influential Billy Blog. He reviewed the idea yesterday and concluded:

Conclusion: PQE is an excellent strategy for the British government to introduce. It exploits the currency-issuing capacity of the government directly and uses it to increase the potential of the economy to improve well-being.

I am grateful for that: this is someone who is clearly seeking to understand what I am trying to achieve and has taken the time to review it in depth. The blog is well worth reading.

That's not to say that Bill thinks I have got everything right. He takes issue with the name, because he (correctly) sees PQE as fiscal policy when QE is clearly monetary policy, and therefore thinks the term is confusing. I accept that point. But I also have no regrets, for three reasons.

First, I think it important to break down this divide between fiscal and monetary policy that has fuelled far too much inappropriate economic policy debate and consequent policy over the years. I genuinely do not think in the current economic climate, or the one that I think will persist for some time to come, that the distinction is useful. PQE is a fiscal policy that looks like a monetary policy and crosses some of the artificial boundaries between the two that have to be challenged — included the absurd pretence that central banks are independent or the more dangerous claim that they should actually have that status.

Second, precisely because this name challenges perceptions it has caused controversy and invited debate that has been long overdue on how and what the government should be doing about investment in the economy, and why business is so dismally failing to play its part in meeting so many of the needs that exist in the UK right now. That has to be a success.

Third, this is about reframing the so-called deficit narrative. I am aware that some, like Frances Coppola, have suggested that I have accepted the deficit narrative by, in her opinion, working round the issue by creating a mechanism that does not add to government borrowing but which can fund government investment at a price vastly lower than PFI, which may be its nearest alternative. I do not accept that for one minute. What I am saying is that we have to ask why we have deficit funding, explain it, and identify when and why it is of use to us. The PQE debate, linked as it is to a positive agenda of investment that can be clearly identified and for which the government would have to be accountable, is a part of that. It's my belief that it can help change this whole narrative. And that justifies the 'crossover' name given to it.

Bill and I may not agree on everything. And that is fine. I am really looking forward to the debate.