

Can John McDonnell pull it off?

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According [to the Guardian](#), in its anticipatory article on John McDonnell's speech to the Labour Party conference:

McDonnell has promised he will review the role of the Treasury so that it focuses on fiscal policy and revenue collection. He will promise a drive to end corporate tax evasion and, like the party leader, will point to specific firms deemed to be involved in tax evasion.

He is likely to call for the 15-year-old mandate of the Bank of England to be broadened so that it has a wider brief to achieve economic growth, as opposed to keeping inflation under 2% a year. His aides insist he is not seeking to interfere with the Bank's independence.

I am delighted about the review of the Bank of England mandate. This is simply out of date. Written in 1998, the division explicit within it between fiscal and monetary policy is now historic when monetary policy is now on its last legs after coming on for seven years of constant near zero interest rates, whilst the idea that inflation is the only issue of concern in macroeconomic management when the world economy is struggling to find any at all is, again, feeling deeply anachronistic.

The mandate needs an updating. At a minimum either growth or employment targets need to be added: maybe both are needed.

And, of course, the Monetary Policy Committee needs to be explicitly mandated to support fiscal policy by taking part in People's QE (which mandate would not remove BoE independence: operationally they could decide when to do it).

Then there is tax, which it looks like John will address after my calls for him to do so in the Independent yesterday. This is good news. We hardly need to know all the detail, but a direction of travel would be good.

As would a commitment to reviewing HMRC (a Labour Party promise at the general election I would remind, based at least in part on my call for an [Office for Tax](#)

[Responsibility](#) to be created) be very welcome indeed.

And what if the deficit? As I said to Faisal Islam on Sky last night: George Osborne's obsession with balancing his books is going to look increasingly like the almost irrelevant pursuit of a provincial bank manager with no understanding of the real needs of the economy over the next year or so. Balancing the budget when the edifice is falling down is an absurd objective: John is right for now to say it's an issue he is aware of and will take due regard to deal with over an economic cycle but that first of all he has to make sure that the structures of economic authority are working properly and that then the investment that is needed to keep the UK on the right track has to be put in place.

If George Osborne wants to play at book-keeping exercises whilst these become the real agenda that will be a matter for regret: the UK needs a Chancellor who has his eye on the real issues of importance and I fear George Osborne has not. But if John McDonnell is going to remind him what those real issues are then that seems to me to be a useful job to be done by a Shadow Chancellor.