

## Paying for flood defence work is easy unless you're loo...

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David Cameron has said [he will spend whatever it takes](#) to provide flood defences.

Respectfully, everyone knows that if he does that benefits will be cut again.

Labour's [Simon Danczuk has instead suggested we cut overseas aid](#).

Both would be exercises in deliberately imposing pain wholly unnecessarily.

This country can afford flood defences, and as many of them as we want within our physical capacity to build them. We can pay for them in three ways.

First, we could issue new gilts. That is, of course, government debt. But given that markets are buying any amount the government creates without flinching or demanding higher interest rates this is entirely possible.

Second, we could create a National Investment Bank and have it issue bonds to cover the cost with a yield either covered by the government, or insurers, or, if the money was spent wisely on developing new technology by marketising it and creating a new world leading industry in this area.

Third, we could of course do People's Quantitative Easing using either of these bond issues, although I do not think that would be necessary at present.

So, we can pay for this without raising taxes any time soon and maybe ever and, if done wisely, this problem could be turned into an opportunity.

In fact, if we thought long term enough we would realise that we really do have to invest big time in this issue. For example, if the whole of the area from the Wash to Bedford is not to be flooded regularly in the future it really is time we dammed the Wash. Then we would also have a tidal energy source and would preserve and create new wildlife habitats when soon many will be lost.

But that may be going too far when at present the government can't seem to think

beyond finding the cash for sandbags.