

## Do we still need People's QE?

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John McDonnell was asked whether Labour still needed the policy of People's QE on the World at One yesterday.

His answer was close to the one I would have given. We will. But not quite yet.

At present people are queuing up to lend the government money at very low rates. And because there is ample - even too much - credit creation in financial markets it makes sense for the government to take the cash offered to them.

But, and John made clear this but is much more likely a when and not an if, come a change in this situation then there will be a need for People's QE, not least to inject the liquidity and new cash into the markets that will then be needed as banks pull out of lending and new commercial money creation dries up.

When will this happen? If the economy faces the threats George Osborne clearly thinks exist based on his speech yesterday, the answer is soon.

In the meantime a wise Chancellor would anticipate that by getting an on the ground investment programme rolling. Billions of existing QE funding will require to be rolled over this year. Rather than simply put these sums back into the financial markets I would be putting them into being the pump priming capital of a new National Investment Bank. That way the investment programme the UK does desperately need to get through the coming recession will be got under way and at the same time the cross over from old to new QE can begin.

it would be good if John could say that.

But otherwise I agree with him: People's QE is as yet waiting in the wings.