

we are not out of ammunition - no one has launched Peop...

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The [Telegraph](#) has reported that:

The global financial system has become dangerously unstable and faces an avalanche of bankruptcies that will test social and political stability, a leading monetary theorist has warned.

*"The situation is worse than it was in 2007. **Our macroeconomic ammunition to fight downturns is essentially all used up**,"* said William White, the Swiss-based chairman of the OECD's review committee and former chief economist of the Bank for International Settlements (BIS).

It's an opinion, of which the key part, as far as I am concerned, is the element I have highlighted. The message, delivered here and repeated often, is that central banks have run out of weaponry to deal with an oncoming financial crisis.

But that's the central bank view. As the article concluded:

There is no easy way out of this tangle. But Mr White said it would be a good start for governments to stop depending on central banks to do their dirty work. They should return to fiscal primacy - call it Keynesian, if you wish - and launch an investment blitz on infrastructure that pays for itself through higher growth.

"It was always dangerous to rely on central banks to sort out a solvency problem when all they can do is tackle liquidity problems. It is a recipe for disorder, and now we are hitting the limit," he said.

So, three points.

First central banks aren't going to be a lot of use by themselves.

Second, conventional QE has failed.

And third, fiscal policy can work.

So, what's the weapon? [People's Quantitative Easing](#) of course: the tool that wraps fiscal policy in a monetary wrapper to ensure that investment is created at minimal cost.

That's the one weapon left in the armoury. After that maybe there is no other. But there is, at least, one that has still to be used. Thank heavens.