

A member of the Bank of England Monetary Policy Committ.

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Gertjan Vlieghe is a member of the Bank of England Monetary Policy Committee.

He gave an [important speech](#) last week on monetary policy in the coronavirus crisis, addressing the way issues such as the roles of QE and direct monetary funding (DMF) of government spending by central banks work.

The speech is important. In effect in section 7 he said that 'monetary financing as financing fiscal spending with central bank money rather than government bonds' is something that 'central banks are always doing'. In other words, direct monetary funding of government spending by central banks without using bonds or tax is in fact normal.

So when is this going to be recognised as a fact and be built into our macroprudential frameworks, with an emphasis on inflation control that he quite specifically says remains possible in that situation, with the aim of preventing another round of austerity when this crisis is over, which I note when of his predecessors is already calling for?

In effect, when is it going to be recognised that modern monetary theory explains what is already being done at the Treasury, and that inflation control in the form MMT prescribes makes direct monetary funding of government spending by central banks not just possible (because it's already being done, as the Treasury admits) but desirable if another round of penal cuts are to be avoided?

I strongly recommend reading the speech.