

The Big Issue comes down to £150 billion or so

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I have an article in The Big Issue. It's now [available online here](#):

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OPINION

Prime minister, here's how much it will cost to save the country this winter

Economist Richard Murphy says Liz Truss needs to spend around £150billion just to give us a chance of making it through the winter

RICHARD MURPHY | 6 Sep 2022



Liz Truss. Image: Tim Hammond / No 10 Downing Street

The core argument is this:

If it was acceptable to use [QE] to save Lloyds, NatWest and many other banks in 2008 then it is most certainly acceptable to do so again now to save 10 million or more UK households from debt, cold, hunger and the risk of homelessness that face all of them.

And to put this money creation process in context, less than £50bn of the £900bn of money created has to date been cancelled, because it can't as such be repaid, for technical reasons. Given the current state of the economy it's to be hoped that no more will be cancelled for a long time to come. That's because this money that the government created has become a key part of the money supply that keeps the UK

economy going, and inflation means we need more money in circulation now, and not less. The £150bn or more I suggest that the government should spend is, in fact, essential new money to keep the economy and money supply afloat that will never need repayment as a result.

The reality is that we now face a massive crisis but also have a proven way to solve it, using money creation and quantitative easing. No one need be fearful of the winter to come if only the new prime minister uses the tool that has got us through the last two crises. But if she won't, we are in the deepest of trouble. We can only hope Truss can change her mind. If she does not the consequences are almost impossible to imagine.

I am beginning to think Truss will be using QE, and very soon. If so, the argument has not been in vain.