

Labour claims "there is no money left"

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In 2010 Liam Byrne MP left a note for his Tory successor as Chief Secretary to the Treasury saying that he was very sorry, but there was no money left. He always said it was a joke, that he never meant it, and that he regretted it.

Maybe he did, but today a Labour shadow minister - Lucy Powell - is saying the same thing. I posted this on Twitter quoting her:

<https://twitter.com/RichardJMurphy/status/1681271008701841408?s=20>

It is staggering that she could say such a thing. It reveals either a very deep ignorance of what money is, how it works, and what the role of government is when it comes to money creation, which ignorance should by itself real rule her out of consideration for high office until she has received suitable training to understand the task, or it reveals something much more sinister, which is a wilful desire to deny assistance to children in poverty as a result of a choice made by the current government.

It would cost about £1.3 billion - or about 0.05% of GDP - to relieve that poverty.

The sum required is about 0.16% of government spending.

It could be covered [more than twenty times over by cutting the interest paid to commercial banks on the deposits they hold with the Bank of England](#), on which there is no legal obligation to pay interest at base rate.

It could be covered by simply telling the Bank of England to cut the bank base rate by less than 0.1%, so cutting government borrowing costs, which a Labour government could do.

It could be more than covered by raising the higher rate of capital gains tax from 20% to 24%.

It could be covered by reducing the higher rate of tax relief on contributions to pensions from 40% to maybe 38%, which no one would notice.

It could be covered by issuing new bonds to cover the cost instead of letting the Bank of England issue more than £80 billion of such bonds in the next year (as it plans) simply to withdraw money from circulation in the economy to force up interest rates to unaffordable levels.

In fact, there are almost countless ways that £1.3 billion could be found.

But what is emphatically untrue is that there is no money left.

I despair.