

Chancellor should use £35bn QE windfall to boost economic growth

Monday 12 November, 2012

Commenting on the announcement recently (Friday) that the Bank of England will transfer the excess cash from its Quantitative Easing programme, estimated to be worth £35bn so far, to the Treasury, TUC General Secretary Brendan Barber said:

'The Bank of England's decision to hand £35bn of QE interest to the government changes nothing in the real economy, but allows the government to reduce the measured deficit. What is little more than a change in accounting rules gives the Treasury an apparent £35bn windfall.

'The Chancellor can play politics with this by claiming he is nearer his failed deficit reduction target. Alternatively he could invest £35bn in boosting economic growth to kick-start recovery in the certain knowledge that the markets would not punish him for running the same deficit as he was yesterday before he received this bonus.

'The UK faces historically low borrowing costs and the market is not demanding that this money is used to pay down debt. The economy has barely grown for two years and unemployment remains at elevated levels. £35bn could provide a much needed shot in the arm to get the economy moving again.'

NOTES TO EDITORS:

- The Treasury announcement can be found at www.hm-treasury.gov.uk/press_109_12.htm
- All TUC press releases can be found at www.tuc.org.uk
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