



Select Committee on Economic Affairs

Corrected oral evidence: Quantitative easing

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Members present: Lord Forsyth of Drumlean (The Chair); Lord Bridges of Headley; Viscount Chandos; Lord Fox; Lord Haskel; Lord King of Lothbury; Baroness Kingsmill; Baroness Kramer; Lord Livingston of Parkhead; Lord Monks; Lord Skidelsky; Lord Stern of Brentford.

Evidence Session No. 16

Virtual Proceeding

Questions 157 - 163

Witnesses

I: Lee Buchheit, Visiting Professorial Fellow, Queen Mary University of London; William Allen, Visitor at the National Institute of Economic and Social Research (NIESR).

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Examination of witnesses

Lee Buchheit and William Allen.

Q157 **The Chair:** Our second session is with Lee Buchheit, visiting professorial fellow at Queen Mary University of London, and William Allen, a visitor at the National Institute of Economic and Social Research.

Perhaps I may begin with the first question to you, William Allen, which follows on from our previous session. Why has the expansion of the money supply through QE not been inherently inflationary, and how likely is it that the 2020 QE will change this pattern?

William Allen: Thank you very much for inviting me to give evidence. We have just heard from Mr Shirakawa that enormous amounts of QE all over the world have not been inflationary. In the UK, the earlier rounds of QE were not inflationary. This time it might be different. The earlier rounds in this country were at a time when the commercial banks were scrambling for liquidity and, therefore, were disinclined to extend credit, so QE in a way helped to fill the gap that the commercial banks had left and prevented money supply from falling more rapidly, so it averted deflation rather than caused inflation.

However, in the coming couple of years the environment will be completely different. The pandemic has caused a big fall in output. The incomes of people and businesses that have been put out of work have been maintained by government support. There has been a huge budget deficit. The counterpart to that has been unusually large savings piled up in the accounts of households in particular. The banks are not retrenching any more and QE has enabled money supply growth to accelerate to about 15%. As the vaccination programme progresses and people return to normal life, there is likely to be a release of pent-up demand and a clear risk of inflation taking off.

Q158 **Lord Monks:** My question is for Lee Buchheit. You have estimated somewhere that about \$10 trillion has been added to sovereign debt since the start of 2020, which is about 12% of world GDP. What consequences, intended or unintended, do you believe this tsunami of money will have for sovereign debt markets? Perhaps you could also talk about emerging market economies, which have got some of the backwash of the money that has been generated.

Lee Buchheit: First, it is a great privilege to be with you today. I think the consequences of quantitative easing on the sovereign debt markets are unintended, in the sense that the central banks that adopted QE policies did so for their domestic reasons and, I think, with little thought to what consequences they would have on emerging market sovereign borrowers. The corollary to that is that when the time comes, if it comes, to wean themselves from those policies they will similarly not be overly concerned with the situation of emerging market borrowers.

QE has two aspects that affect this. First, obviously it is intended to reduce and suppress interest rates on medium to long-term credit.

Secondly, it pumps into the system an enormous amount of liquidity. That means that you have an investor community flush with liquidity that must be re-deployed in some fashion, but which cannot be re-deployed in the form of investments in developed country debt securities at anything resembling a remunerative interest rate.

This is the kindling for the proverbial search for yield. From the standpoint of emerging market sovereign borrowers, this is both good news and bad news. The good news is that you have an investor community prepared to lend money in circumstances that in the past they might not have been. We have seen the phenomenon over the past 12 years of some 30 countries coming to the international bond market that had never been there before.

That is the good news aspect of this. It has been easier to borrow money, particularly during the pandemic. We had what the economists call a sudden stop in lending to emerging market countries in March 2020, but that sudden stop stopped rather suddenly as last year moved on, and a number of emerging market countries—not all of them—were able to continue to access the bond markets and that money assisted in their response to Covid amelioration.

The bad news is that the normal risk aversion of private sector lenders has not been eclipsed, but it has been anaesthetised by the fact that they are stuffed with liquidity that they must re-deploy and, therefore, they have implicitly revisited their normal risk aversion. The long-term question will be: has this money been lent imprudently at interest rates that are not commensurate with the underlying risk?

Lord Monks: You have written that for emerging markets that find it difficult to repay in full perhaps some could mount conservation projects in their own local currencies and have those written off against some of their outstanding debt. Can you tell us a little bit about that? It is certainly imaginative, but is it a practical solution?

Lee Buchheit: It is practical. A number of countries will exit the pandemic with historically high debt stocks. I suspect they will be assessed as unsustainable debt stocks by the IMF. At the same time, there is an aversion on the part of both official sector lenders and commercial ones to writing off and cancelling any significant portion of their claims against these countries. That means sovereign debt restructurings in this decade are likely to involve pushing out colossal debt stocks, perhaps with some near-term interest relief, but those colossal debt stocks are likely to remain a problem in a few years' time.

One possible solution would be for lenders, both commercial and official, to say to the countries, "You may discharge a portion of your foreign currency-denominated liabilities in local currency if you invest it in projects that are approved by the lenders". That does not write off the debt and, therefore, it is not quite as beneficial to the debtor country as a direct debt cancellation, but it does improve the debt dynamics of the country. Why? It is because the country's liability in foreign currency has

shrunk. That improvement in the debt dynamics, all other things being equal, ought to result in the discount rate that the market applies to that country's paper coming in inflating the value of what is left in the hands of the creditor.

At the moment there are two principal concerns with the official sector actor. One is certainly emerging market debt relief; the other, however, is climate change and environmental aspects. This would allow both to be addressed at the same time. The debtor countries that would be doing this do not have two nickels to rub together; they will not be funding environmental conservation projects on their own. In effect, this would allow them to do it with their creditors' money, arguably under circumstances where the creditors, while having less cash flow in foreign currency, none the less are improving the debt dynamics of their debtors, and that is the whole point of a debt restructuring.

Q159 Lord Skidelsky: Is the current position of paying interest on reserves sustainable, and would it survive a rise in inflation rates? Following on from that, is this not a fiscal decision and, therefore, a Treasury decision? Why do you think it was made?

William Allen: As to whether the position of paying interest on reserves is sustainable, it is really a political question. The Bank of England's method of managing interest rates is to have the commercial banks maintain large reserve balances in the Bank of England and to pay interest on them at the interest rate that the MPC decides is right for the inflation target. The method is technically satisfactory and sustainable whatever the level of interest rates, but it does involve the Bank of England paying what are now fairly moderate but potentially very large amounts of interest directly to the commercial banks. That might be thought to look bad from the political point of view, even though the alternative would be for the Government to pay interest to bond holders instead. I can see that it might be politically unsustainable or difficult, but from a technical point of view it is perfectly okay.

The answer to the second part of the question—whether the decision to pay interest on reserves is a matter of fiscal policy and therefore one for the Treasury—is clearly no. The decision to pay interest on reserves is one that the MPC has taken in determining how to implement its monetary policy. The reserves are borrowed by the Bank of England from the commercial banks and, as I said, the interest rate the Bank pays on them is the one that the MPC has decided on in the light of the inflation target, so sustaining that rate is how the MPC implements its monetary policy and that is in the domain of the Bank of England and not the Treasury.

If interest were not to be paid on the commercial banks' reserve balances, that would be a form of taxation that would be a responsibility of the Treasury and it would obviously have very big implications for monetary policy, because the MPC would also have to alter completely the way in which it implements monetary policy. One of the immediate effects would be to increase the profits of the Bank of England, and the

Treasury would need to instruct the Bank or find some way of getting it to remit all the additional profit to the Treasury. In effect, the Treasury would be recruiting the Bank of England as a new tax-collecting agency.

The Chair: Mr Buchheit, do you want to pick up that question?

Lee Buchheit: I do not have much to add, other than it does strike me as a matter of monetary policy for the Bank of England to make this decision.

Q160 **Lord Stern of Brentford:** Mr Allen, we have begun to talk about debt sustainability and how that has been affected by large amounts of QE and the public sector deficits that we have seen. We have heard from a number of witnesses about the sustainability of that debt. You have both already touched on that issue. We have heard from Adair Turner, for example, about managing debt sustainability by going for growth. Charles Goodhart was somewhat more cautious than that, with worries about inflation, rising interest rates and managing the payments that would be necessary as a result.

You have written about market-based government finance and managing finances with closer attention to the yield curve. Could you help us with the advantages and disadvantages of that approach to government finance and how it might relate to debt sustainability?

William Allen: I think that at the moment there is a risk that maintaining sustainability in the public finances can become inconsistent or at least difficult to reconcile with achieving the inflation target. If the outlook for public finances is that there is some risk of unsustainability, putting up interest rates could make the public finance situation worse. The report of the Office for Budget Responsibility issued just after the Budget pointed out that even a moderate-sized increase in interest rates in some circumstances would mean that its forecast of the government debt to GDP ratio would be rising continuously over the coming five years; in other words, there would be a clear issue of debt sustainability or unsustainability.

If the Government have a lot of short-term floating rate debt, as they have now largely because of QE, the problem is harder for the Government to deal with because the impact of the rise in short-term interest rates on the deficit is big and immediate. The Government might then need to respond very quickly by cutting the primary deficit. In those circumstances, the central bank might worry that a rise in short-term interest rates, even though clearly directed at meeting the inflation target, would create so much concern about debt sustainability that it inflamed rather than calmed inflationary expectations. You might worry a bit that the bond market would blow the whistle and threaten some kind of monetary instability, as it did at times in the 1970s.

Lord Stern of Brentford: Will you add a little by saying how we would shift the yield curve so that the Government were not so tied into the very short term?

William Allen: The suggestion I am making is that there should be a compulsory exchange of reserve balances held by the commercial banks for newly issued short and medium-term gilts by the Treasury, so that instead of having a floating interest rate liability the Treasury would have liabilities with interest rates fixed at least for a period ahead; in other words, the Treasury would be buying a degree of interest rate insurance. How much would depend on how long the maturities of the gilts they sold were. It would have to be done jointly by the Treasury and Bank of England because the Treasury would have to agree to issue the new gilts and the Bank of England would have to agree to have the reserve balances run down.

In one sense that would mean QE was being unwound in a single giant operation because it would eliminate most, but not all, of the reserve balances of the commercial banks. But in another sense, which I think is more important, QE would not be fully unwound because the gilts you would be selling in the proposed operation would be much shorter in maturity than the ones that the QE programme has bought and is still buying, so on balance you would still have a very considerable shortening in the average maturity of the national debt.

The commercial banks have enormous liquid asset portfolios totalling about £1 trillion or more. Those include the reserve balances, which I think are now about £750 billion or £800 billion, but they also include gilts and other liquid assets that count as reserves for regulatory purposes. Therefore, in effect, you would be exchanging the reserve balances in the liquid asset portfolios for short and medium gilts. Something very similar was done in 1951 to mop up the large amount of liquid assets that the banks held after the Second World War. The fact that the commercial banks maintained these liquid asset portfolios meant that when the time came to refinance the gilts—when they matured—they would be a source of demand, which would be quite helpful.

Viscount Chandos: You have emphasised that the conversion gilts would have much shorter maturity. I wonder whether that is really the worst of both worlds, in that it does not substantially term out the funding, but it provides to the banks an increase in return but also greater certainty, whereas there is the threat hanging over them of the reserves, as structured, not paying interest in whole or in part. You have emphasised that it had to fit with the commercial banks' portfolio preferences, but are you perhaps not suggesting something that goes too far to suit the banks and does not benefit the Government, the Bank of England and Treasury enough?

William Allen: First, any amount of terming out will be quite helpful because it gives the Government a bit of a breathing space in working out what to do in the event that interest rates go up.

Secondly, you could take it as far as you want. You could do a little bit of terming out to begin with. After all, it is a bit of a step in the dark. You would not want to be very bold and do a very long and big operation all at once, but you could do a little bit to begin with over a few years and

have a programme of continuous extension after that. You can calibrate it in different dimensions and make decisions as you go along based on how it works out.

Lord Livingston of Parkhead: I absolutely understand why the Bank would not wish to be quite so short in interest paying if there was a big move in interest rates, but, if that is the view, why could it not use the commercial interest rate swap market to achieve the same result rather than some sort of compulsory movement? It would allow a far more flexible approach to swap fixed for floating for a three-year period, or something of that kind, if that was what it wanted to do. I am not quite sure why you say it should be compulsory rather than use being made of the swap market.

William Allen: It could do it in the swap market. There is the technical point that swap markets are based on Libor, which is about to die.

Lord Livingston of Parkhead: It would be replaced.

William Allen: It will be replaced. It also means that you are building up credit risk one way or another vis-à-vis the banks, but you are right that it would be a possible alternative and would achieve the same interest rate insurance for the Government.

Lord Bridges of Headley: I want to put together some of the points that have been raised so far and look at the relationship now between the central bank, in our case the Bank of England, and the Treasury and commercial banking sector.

I direct this question to William Allen and then move on to Lee Buchheit. I am very interested to know whether you think that there is now a sense of risky co-dependency between those three entities—the Treasury, Bank of England and the commercial banking sector—and, flowing from that, if we can take a bigger step back, whether you are concerned about perceptions of the independence of the Bank of England being in some shape or form eroded because of its position as regards QE and government debt.

William Allen: As regards the Bank of England and Treasury there is certainly a co-dependency. It is not possible in the present circumstances for both the Bank and Treasury to act independently. The Bank needs an indemnity from the Treasury against possible financial losses before it can increase the amount of QE, so the Treasury in effect has, and always has had, the right to veto extensions of QE, and that is a limitation of the Bank's independence.

In practice, the Treasury has not used its veto, as far as I know. It has agreed to multiple requests from the Bank to increase the amount of the indemnity and accept increased interest rate risk so as to accommodate extensions of QE, but by doing so the Treasury has given up some of its own independence in managing the Government's balance sheet. You could imagine that the Treasury might become so concerned about its

interest rate risk that it declined to extend the indemnity for any more QE, but the point is that the Bank of England's independence in using QE comes at the expense of the Treasury's independence in managing its interest rate risk and it is not unconditional.

The commercial banks are in a way locked in by the liquidity requirements to holding large amounts of the liabilities of either the Bank of England or Treasury, so there is a dependency there, too, but that is not new; it has been there for quite a while.

The Chair: I know that Lord Haskel wants to ask a question about the independence of the Bank and I wonder whether it is worth taking that now.

Lord Bridges of Headley: Can Lee Buchheit come in?

The Chair: I will come to that.

Lord Haskel: Mr Allen, you spoke of the close co-ordination between the Bank of England and Treasury. Of course, it is very close by virtue of the asset purchase facility.

William Allen: Yes.

Lord Haskel: Do we want this co-ordination to be improved without compromising the operational independence of the Bank, and how can we do that?

William Allen: I think the danger is that the Treasury and Bank get in each other's way. The Bank of England's main monetary policy tool, QE, is one that the Treasury has to approve, but the cost to the Treasury is that it carries the interest rate risk for it. I think that the ideal solution would be to unwind QE as far as possible so that the scope for getting in each other's way is reduced. It is said that good fences make good neighbours. It is like a shared driveway. One of the drawbacks of QE is that it creates this tension, and the only way to overcome it, if not to get rid of it, is at least to run it down.

The Chair: Mr Buchheit, you have been very patient. Do you want to pick up the two questions from Lord Bridges and Lord Haskel?

Lee Buchheit: Yes. If it is all right, I will speak more generally and not just in the UK context. From my perspective, I do not think there is much doubt that the size of the sovereign debt stocks that have accumulated over the past 10 years or so impairs the ability of central banks to act in a wholly independent manner in their monetary policy. If there were to be a spike in inflation and central banks decided they had to deal with that in the old-fashioned way of raising interest rates, they could not with equanimity view the consequences of it on their own host Governments' liabilities. If you were to pro forma any of our countries according to historical norms of interest rates, which in the United States are 4% to 5% and in Europe 5% to 6%, imagine doing that today. It would require

such a diversion of government resources from discretionary purposes towards debt service that it would produce a significant political backlash.

Whatever the mandates of our central banks, whether they are limited to simple inflation control or a dual mandate for employment, inevitably we are in a situation where the size of the government debt stocks imposes a de facto constraint on the ability of central banks to move with complete independence. That may be a heretical view, but I think it is a practical one.

Lord Bridges of Headley: I am very interested in following that up. We have been talking, as you may have heard from the first session, about the perceived forecast rise in inflation, and I question whether it will be sustained.

Lee Buchheit, you are saying to us that, if we were to see a rise in sustained inflation and it ticked up well above target, central banks would be unable to act because of the political consequences of doing so. To be crystal clear, that is what you are saying. We will see a return to inflation ticking up and up.

Lee Buchheit: Not unable but reluctant. Indeed, one could interpret the remarks of the chairman of the Federal Reserve over the past couple of months in effect as saying that its inflation target of 2% is now obsolete and that it will entertain and accept higher inflation. I am not really in a position to say whether the inflation we will see later this year will be a temporary phenomenon. I am not entirely sure it will be as temporary as everyone seems to think, but I do believe central banks will be extraordinarily reluctant to respond to that with what their conventional playbook would have them say, which is to raise interest rates. I think we are looking at a prolonged period of negative real interest rates. It is not driven solely by the effect on government debt stocks, but that is one element.

Lord Haskel: Is the current separation of responsibility of the Treasury and Bank of England satisfactory, especially during the crisis, or should it be changed? Should a new and transparent relationship be designed to react more quickly during a crisis?

William Allen: There is always a tension between the interests of the Treasury and the Bank of England that I do not think can be avoided simply because, if the Bank puts interest rates up, the Treasury's debt-servicing costs rise, and the larger and more short-term the Treasury's debt is, the greater the tension.

As I suggested earlier, the simplest way to resolve it, or at least reduce it, would be partially to unwind QE one way or another and lengthen debt maturities. Until that happens, each party simply has to recognise the interests of the other and try to accommodate them, at the same time as meeting its own statutory responsibilities. That might be very difficult, as Lee Buchheit just suggested.

As to whether we need a new framework, it is very important not to throw out the baby with the bathwater. The inflation target and institutional arrangements that surround and support it have served the country well and it would be a great mistake to abandon them and set about constructing a new framework, but three things need attention in this general field: first, a new fiscal rule because the old one has been blown out of the water by coronavirus; secondly, the removal, as far as possible, of the sources of tension between price stability and fiscal stability; and, thirdly, the importance of finding a way, which will not be easy, to maintain liquidity in the gilt market in what will be a difficult period for that.

The Chair: Lee Buchheit, do you want to comment on the baby and bathwater?

Lee Buchheit: No; I will let the baby sit.

Q161 **Viscount Chandos:** You have both been addressing the risk of inflation not being as well controlled as it might be as a result of the interest mismatch, but in a way that is in a steady state. I want to move on to the scenario of unwinding QE, whether sharply or gradually. Mr Buchheit, you have already flagged that consideration of emerging market debt and economies may be forgotten at the time of exit as much as it was ignored at the time of QE being established. Will both witnesses talk a little bit about the challenges of managing the exit from QE?

Lee Buchheit: From my standpoint, the exit will have to be gradual. This is the issue that we are struggling with. QE was put in place originally as an emergency measure. It has now been there for 12 years. At what point does the adjective "unconventional" in relation to monetary policy become a little difficult to sustain?

With respect to sovereign borrowers in emerging markets, you have to understand what has happened over the past 20 years or so. In this century no sovereign borrower, whether developed or developing, borrows money with the expectation of repaying it, if by "repaying it" you mean applying current government resources to settle the liability. They borrow in the sure and certain hope that when that debt matures they will be able to go back into the market and refinance it; they will borrow from someone else to repay the old loan. When that new loan matures, they will do the same thing more or less in perpetuity.

That is the assumption upon which all sovereign borrowing and lending is made today. It assumes two things: first, that there will be a source of funds to refinance maturing debt; and, secondly, that it can be done at a tolerable interest rate. Those are the fragile assumptions.

If you were to have a withdrawal of quantitative easing, that is less liquidity in the market. If you had an increase in interest rates in developed countries such that investors could earn a remunerative yield by bringing the money back home, those developments could result in a number of emerging market countries, when their existing bonds

matured, finding themselves unable to refinance them or at an interest rate that they can afford, and that is a prescription for a systemic sovereign debt crisis. From the standpoint of the emerging market sovereigns, I think that will be the great question. I am afraid that many of them have put themselves in this position.

You hear very senior people say these days, "Borrow all the money you can". Why? Because interest rates are so low. That is true, but it connotes a world in which politicians are squirrelling away the money to repay those liabilities when they mature, so the theory is that interest rates are very low; you take advantage of that, but it will be repaid. The fallacy is that it will not be repaid out of government resources; the expectation is that it will be refinanced. Unless you can believe that interest rates will remain at this level more or less for ever, that is a huge risk for the sovereign borrowers who are incurring the debt today. That is what I worry about.

William Allen: I think that in the UK context debt management will be extremely difficult in the coming few years. Even if you just stop QE, never mind unwinding it, that will put a strain on the market's capacity to absorb new debt. At present, while QE is still being built up, the Debt Management Office is selling gilts and the Bank is buying them, so the buyers at the auctions that the DMO holds know that before long they will be able to offer the gilts they bought from the Bank in the QE programme and can therefore bid at the DMO auctions with quite a lot of confidence.

When QE stops, even more if and when it starts to be unwound, bidders at the DMO auctions will not have the reassurance of the Bank's presence as a buyer. They will have to find buyers in the commercial market. One of the functions of the market-makers is to buy gilts from the DMO auctions and warehouse them, if necessary, until demand emerges from the commercial market. That will become more difficult particularly at times when yields are rising, potential buyers are holding off and their capacity to warehouse gilts might be stretched. There is a risk that it can sometimes be exhausted, which is what seems to have happened in March last year. Incidentally, that was a chronic problem in this country between the 1950s and 1980s. There might need to be a kind of permanent market-maker of last resort as there was then, although I hope it will be on a much smaller scale than the one we have had in the past year.

One other complication is that probably there will be more auctions that are undersubscribed. On those occasions the DMO will be forced to decide which of the bids it has received it will accept and which it will reject. It would implicitly have to make a statement about the maximum yield it was prepared to borrow at that moment for that particular maturity. It would not have any choice in the matter; it would have to make that statement, and that is where debt management and monetary policy would be connected. It would need to think quite carefully in advance about how to manage those situations.

Q162 **Lord Fox:** The Bank of England has said that QE during the pandemic

has been used for inflation rate targeting. Do you agree? Perhaps Mr Buchheit could start.

Lee Buchheit: I am afraid I am not an expert on the Bank of England's statement. I would defer to Mr Allen on this one.

William Allen: I agree. After the MPC meeting on 19 March last year when it decided to restart QE, it referred in its explanation to the non-functioning of the gilt market. I think that in the circumstances it was quite right to act as market-maker of last resort in the gilt market and it was entirely consistent with its inflation mandate.

Since last March it has committed to gilt purchases totalling £450 billion. I do not think it needed to buy anything like that much to restore market functioning and I am doubtful about the wisdom of doing so much, but that was its judgment.

If you are asking whether I think the MPC was motivated purely by inflation targeting in its actions over the past year, my answer is yes. It is true that it has financed a large proportion of the budget deficit, but I do not doubt its assurances as to its motivation.

Lord Fox: The fact that the numbers are so closely matched between their assessment of what they needed to do for inflation and what the Treasury needed has raised suspicions. Are you not suspicious yourself?

William Allen: No, not really. I trust its word and the numbers do not match exactly. Increasingly, the DMO sales have gone beyond Bank of England purchases.

Lord Fox: Looking more broadly, do you think the mandate of the Bank is sufficient to handle crises going forward, or should it be reviewed?

William Allen: As I have said, I think that the inflation target has been a very valuable part of the economic policy structure of this country. It has done a good job over more than 20 years now and it would be a great mistake to change it. There are issues about fiscal policy and debt management right now, but I would not change the monetary policy mandate.

Lord Fox: If we have time perhaps we can think about those issues, but I will stand down.

Q163 **Lord Skidelsky:** Mr Allen, you talked about the need for a new fiscal rule. I want to press you a tiny bit on that. Do you have in mind multiplication of the balanced budget rule, or is it already modified enough, or a more active role for government in stabilisation? You left it hanging in the air.

William Allen: I hope we are coming to the end of the coronavirus crisis, which has forced the Government to run a huge budget deficit and caused the debt to GDP ratio to increase by a very large amount. The outlook according to the OBR is that it will go up further and perhaps come down after a few years. All I mean by a fiscal rule is some sort of

principle according to which the Treasury will conduct its public finances that provides some assurance that the debt to GDP ratio will not continue to go up, and no more than that. What the rule might be I think is for the Government to decide.

Lord Skidelsky: But we already have these rules and they were broken in an emergency.

William Allen: Yes, so they need either to be reinstated or replaced with a different rule. That is all I mean.

Lord Skidelsky: You did not have a wider ambition in your mind when you made that statement.

William Allen: No; I would not be so bold.

The Chair: On that note, that concludes this session. I thank you, Lee Buchheit and William Allen, for a really interesting session and for answering our questions so succinctly and so well. I am sure that will help us to reach some conclusions when we present our report.