

## Start printing money now: not QE, but the real crinkly ...

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There's been a lot of comment today on the need for a new round of quantitative easing. Adam Posen and David Blanchflower are calling for it: I have very little doubt it will happen.

But that's not my point in writing this blog. I believe that so high is the risk of another bank collapse soon that the Bank of England has a short term duty to do something much more practical, which is to get the real printing presses rolling very fast to create an awful lot (I mean billions upon billions of it).

Why? Well, as I've explained over the last couple of days I think another bank bail out is likely to be required soon and I don't just mean within eight years, I mean imminently. We have no idea if banks can survive a Greek default (and those that will follow) in which case we have a duty to ensure that money can still change hands.

That is only possible if all those who want cash can have cash.

I know that sounds extreme: I know it sounds like Weimar Germany; I know many don't want to embrace the possibility that we could see a total loss of faith in banks but I'm being realistic. This government, any government, has a duty to ensure that people can lay claim to their own cash and make payments with it. Unless that cash is available on demand at banks that confidence will not be available.

So sure, consider QE.

But print some of the real stuff - and in high denominations - too. It may be vital to keeping this economy moving.

And if it's a false alarm, store it: it will all get used eventually.