

# How come we can do Â£375 billion of quantitative easi...

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Since 2009 the Bank of England has [put £375 billion](#) into [quantitative easing](#). In general I've supported this move: it has in effect, cancelled more than a third of government debt meaning that the vast majority of the impact of this recession will not fall on future generations, despite all Tory fear mongering to the contrary. The simple fact is QE cancels government debt by printing money, and that exercise has had no impact on inflation and as such that debt will never be reissued. The whole process has been neat, effective and to a very large degree successful.

Well, successful in macro-economic terms; that is in keeping debt under control and the money supply working. In micro terms the story is very different. Banks ended up with most of the QE cash. They haven't lent it on: they've used it to bolster their balance sheets. And they've also used it to speculate, which is one reason why we had commodity price booms and inflation in 2010/11. That resulted in a remarkable recovery in bank profits and a return of bank bonuses would no one would have expected that to happen so soon after the crash.

To put it another way, the benefits of QE went pretty much one way: to the most rich. Pensioners suffered to some degree as interest rates and pension annuity rates crashed (although I'd add, low interest rates always pay an economy and requiring high rates to pay pensioners is absurd; state pension provision should cover that job: that's called predistribution in current jargon). But most of all, the gap between richest and poorest increased. Those on minimum wage have seen no benefit from QE. Public sector employees on pay freezes must wonder where £375 billion has gone and how it passed them by.

And they'd be right to do so: QE has missed them altogether. And until we change QE so that it provides the finance to get the economy going again it will continue to do so. That's possible. I called the alternative [Green Quantitative Easing](#). There's more on it here. The demand it would create would increase real wages, and that's exactly what our economy needs right now.

QE worked for some few at the top: now it's time to do something for everyone else.