

# Funding the Future

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From [the letters page of the Guardian](#) this morning:

*In his analysis article ([The icebergs are outnumbering the lifeboats](#), 1 June) Larry Elliott rejects the lifeboat of helicopter money (the injection of new publicly created money into the economy) as likely to cause a flood of imports or hyperinflation. This is only the case if the money is released directly into the hands of consumers. Even then, while there may be increased imports, hyperinflation is very unlikely under the present deflationary conditions. However, as I point out in my forthcoming book *Debt or Democracy*, if the money is issued into the economy through public expenditure and matched by a subsequent tax take if there are any inflationary pressures, there is a double benefit. The money would provide public services free of debt and then feed through into the wider economy. At present nearly all the new money in the economy is accessed only through borrowing, which feeds boom and bust.*

Recognition of the benefit of publicly created money free of debt will relieve the burden of debt on everyone. The illogicality of the current position is that the new public money created through quantitative easing has been used to buy back government debt, yet that debt has not been cancelled. People are still subject to austerity for debt that has been repaid. It needs to be recognised that new money creation and circulation should not only be used by “independent” central banks to periodically feed the faltering banking sector; it is a public resource and its creation and use should be a matter of democratic debate.

**Mary Mellor, Emeritus professor, Northumbria University; author, *The Future of Money***

- Central banks printing more money through quantitative easing do not risk hyper-inflation. The US, UK, Japan and recently the EU have printed or plan to print about a staggering £5tn of QE money and yet deflation, not inflation, is still a major economic threat. To encourage activity across the whole economy the UK government should set an example and again have the Bank of England print tens of billions, but this time to pay for a carefully timed and costed, hence non-inflationary, infrastructure programme.

There have already been calls for such an alternative from environmental groups and green business ([Letters, 29 November 2014](#)). ***They detailed how green***

***infrastructure QE could generate jobs in every corner of the UK by building the new low-carbon homes required and by making all the country's existing 30m properties energy efficient. Such an approach would have the additional advantage of freeing up some Treasury funds to be redirected to the country's hard-pressed social infrastructure.***  
**Colin Pines**  
**Convener, Green New Deal group**

Good to see Mary Mellor on the same hymn sheet as the Green New Deal group, of which I am a member.