

Who pays for People's QE?

Published: January 13, 2026, 5:46 am

I was asked the following question on [People's QE](#) on the blog this morning:

Richard, if you use printed money to pay for investment, who is actually paying for the investment? Are you suggesting that no one is paying for it? As an economist, you should explain who is paying for that extra investment.

That's a fair question. This is my expanded response:

The investment is paid for with money created out of thin air. I stress there is nothing unusual about this: all bank loans are [created out of thin air](#) in exactly the same way and the investment those bank loans permit are not paid for by anyone as a result.

In both cases you can, of course, ask that those using the asset created pay for that use: that is how banks hope (and only hope) to cancel the money they have created (and I stress, bank loan repayment cancels money, it does not return it to anyone else). This is how bank loans are paid for.

In the case of People's QE you can also choose not to charge: the cost then is a subsidy in future years. Governments can choose to make such subsidies, if they wish. There are very good reasons why on occasion they choose to do so. But in that case it would be possible for tax to be used to cancel the PQE if desired, or it could simply be left in place. That is a choice for the future depending on the state of finances at the time.

But let's be clear banks also face the risk of not being paid. Bad debt happens: it is normal and means that loans are never repaid.

The processes are in fact so similar a Martian would have difficulty spotting the difference.