

# David Hume got it, so why hasn't 21st century politics?

Published: January 13, 2026, 4:01 am

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This [extract](#) comes from a speech from the Bank of England's Minouche Shafik:

*A key means by which the Bank of England pursues its mission of monetary and financial stability is through the provision of liquidity insurance to the financial system – something it has been doing in one form or another since David Hume’s time. In some ways, this makes the Bank of England the domestic safety net for the liquidity needs of solvent financial institutions. As Hume himself put it: “private bankers are enabled to give...credit by the credit they receive from the depositing of money in their shops; and the Bank of England in the same manner, from the liberty it has to issue its notes in all payments.*

So David Hume understood that a country that can print its own money cannot go bust. And yet in the twenty first century we don't apparently get this. Our deficit denying politicians still imply the economy is like a household, and in the process ignore the capacity of the government to print money. In doing so they refuse to recognise that the means to create the liquidity that is required to make the economy work when markets refuse to supply it is in their own hands.

Why could David Hume see this and in the twenty first century so many cannot? Or,IMF you like,,why was he so enlightened and so many of our politicians aren't?

Answers on the back of a £5 note please.....