

## We could have People's QE next week

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The [FT noted yesterday that](#):

*Next Monday the Bank of England will dish out £38bn to the holders of 4.75 per cent UK Treasury 2015 stock as it matures. It will pay almost half of that to itself, before plunging into the market to buy more government debt with the cash.*

*The cash is recycled because the BoE has set its own rules for managing this monster programme, and with QE set at £375bn, it has pledged to keep buying to replace maturing issues.*

In plain language right now the Bank of England owns a massive chunk of this 4.75% Treasury Stock that was issued by the government. And it has to be cancelled by repayment. This is as much true of the part owned by the Bank of England as it is of the part owned by other people. But, since the Treasury remains committed to quantitative easing the Bank of England has no choice but go back and buy new bonds to replace those that are being replaced. And that is precisely what it will do - to the tune of more than £15 billion.

Now, let's first of all think what this means. First, it means that the government still has an active quantitative easing programme. That needs to be said because no one else is doing it.

Second, what it means is that in effect the £375 billion is not being repaid: it is instead being rolled over. The paranoia about QE that it must be repaid is not happening in practice. When debt comes up for repayment it is simply being replaced. In other words, a lot of nonsense about the need to replace QE in times of growth (which it is claimed we are enjoying) is not being evidenced in practice. In practice we are still going ahead with QE in a supposed time of growth. Some honesty on this point would be very useful.

Third, given that People's Quantitative Easing and quantitative easing are the same in their financial functioning as both buy government issued bonds to be held for an

indefinite period by the Bank of England there is no reason why the money to be reinvested next week could not be used for People's Quantitative Easing. [In fact, George Osborne has already authorised this.](#)

And, fourth, this is [the one and only way the Bank of England has a chance of delivering on its inflation target right now.](#)

So, when people ask me whether we need People's Quantitative Easing now the answer is yes because a) inflation policy demands it b) the investment need demands it c) QE monetary policy demands it and d) nothing could deliver real wage growth for real people - which is one of my central economic goals - quicker or better than this.

And what is more, this does not even threaten the hallowed Bank of England independence any more that it is compromised already.

It really is time for those to object to come up with some real arguments as to why it should not be done.