

Quantitative easing is new government created money

Published: January 13, 2026, 6:52 pm

The Bank of England [published its accounts to 28 February 2018](#) yesterday (I have no idea why it uses that date: does anyone know?)

The cash flow statement showed this:

Note the £86.8bn advanced to Bank of England Asset Purchase Facility Fund Limited. That is new quantitative easing by any other name.

And then note the £89.9 billion of additional deposits.

And also note a remarkably similar pattern in behaviour last year, involving slightly larger sums of around a hundred and £108 billion.

What is happening? Quite simply quantitative easing is creating new bank deposits. As modern monetary theory suggests, money advanced creates what are, in effect, new savings, even if in this case they are reserves held by banks with the Bank of England.

This is confirmed by the balance sheet:

Note 'other loans and advances' of £572 billion. These are made up almost entirely of quantitative easing advances and as is clear, the sums are almost exactly matched by deposits.

I think there can now be no doubt: the government can, and does, create money at will. The only issue left to discuss is how that money should be used.