

Funding the Future

QE thoughts

Published: January 13, 2026, 1:06 am

From my [Twitter account](#) this morning, I admit [overlapping with comments already made here](#):

 Richard Murphy
@RichardJMurphy

The government is going to do £450bn of quantitative easing (QE) this year. That should more than cover its total borrowing for the year, meaning the actual sum owed to third parties will fall, and so will real national debt as well as a result. 1/-

8:45 AM · Nov 5, 2020 · Twitter for iPad

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 Richard Murphy @RichardJMurphy · 1h
Replying to @RichardJMurphy
Saying this, I know that much of the new money created by the Bank of England to fund QE ends up back on central bank reserve accounts held by U.K. High Street banks and building societies with the Bank of England. And that interest is paid on their balances 2/-

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 Richard Murphy @RichardJMurphy · 1h
The interest paid in those balances is 0.1%. That rate is controlled by the Bank of England, and will not be changing for a long time to come. In effect then the government is paying banks and building societies 0.1% to make them hold new money that cancels the national debt 3/-

1 2 12

 Richard Murphy @RichardJMurphy · 1h
But, although this provides funding for the government at almost no cost, with any threat of instability from financial markets largely neutered, what this does not do is provide meaningful additional money for the economy. The QE money simply sits on bank balance sheets. 4/-

1 1 11

 Richard Murphy @RichardJMurphy · 1h
In effect, QE is getting bank bailouts in place before a crash happens this time. But what little extra lending these deposits might encourage banks to think about are largely unproductive e.g., mortgages funding the current mini-housing boom 5/-

1 1 12

 Richard Murphy @RichardJMurphy · 1h
If we're to have a recovery we need two things. One is for the government to stop issuing debt figures that are wrong. Debt has been replaced by money as a result of QE, and that is never going to be reversed. The claim that austerity will be required is, then, wrong 6/-

1 9 19

 Richard Murphy @RichardJMurphy · 1h
And we need to ensure that QE created money is not just used for pre-emptive bank bail outs and wasteful asset based lending, but is instead used to fund the economic transformation this country needs. 7/-

2 9 21

 Richard Murphy @RichardJMurphy · 59m
If QE funds were used to buy bonds issued by a national investment bank that would invest in the green transformation we require QE could be put to good use - and High Street banks could be cut out of the QE loop. Then we might see real wins from QE 8/-

5 8 36

 Richard Murphy @RichardJMurphy · 1h
There is more on this here taxresearch.org.uk/Blog/2020/11/0.../end

Why and how we can do something much better...
Modern monetary theory (MMT) says the government creates all our money - either itself...
taxresearch.org.uk