

Funding the Future

Ducking the issue: QE is a policy for which HM Treasury...

Published: January 13, 2026, 3:40 am

David Lowry sent me this [Q&A from the House of Lords](#):

Question



The Lord Bishop of St Albans >
Bishops
Bishops  Lords

To ask Her Majesty's Government what assessment they have made of the effects of quantitative easing on the increase in house prices compared to increases in wages.

Answer



Lord Agnew of Oulton >
Conservative
Life peer  Lords

Answered on

3 December 2020

Monetary policy, including decisions on quantitative easing, is the responsibility of the independent Monetary Policy Committee (MPC) of the Bank of England.

The separation of fiscal and monetary policy is a key feature of the UK's economic framework, and essential for the effective delivery of monetary policy, so the Government does not comment on the conduct or effectiveness of monetary policy.

Detail on the impact of monetary policy, including quantitative easing, can be found in the Bank's working paper: "The distributional impact of monetary policy easing in the UK between 2008 and 2014."

Why share it? Because what this reveals is a government willing to hide behind deceit.

The reality is that the purchase of bonds by the Bank of England only takes place with the explicit, written, approval of the Treasury.

What is more, the company that actually acquires government bonds, whilst technically acting on behalf of the Bank of England, is actually wholly indemnified for its actions by HM Treasury. In that case, whilst technically a subsidiary of the Bank of England it is not consolidated within its accounts because it is actually under the control of HM Treasury.

What does this mean in the context of the question that was asked and the answer that was given? Firstly, it means that the claim that monetary policy is under the control of the Bank of England is not true: they only act with Treasury permission. The body actually in control is, therefore, HM Treasury.

Secondly, for a minister to deny responsibility for a policy for which the government is directly responsible is, therefore, to mislead Parliament. That would appear to be a breach of the Ministerial Code.

Thirdly, it seems that ministers now do this without any conscience on a regular basis.

Such is the state of government in the UK now.