

New money is part of the solution to our problems

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My Finance for the Future colleague, Colin Hines, has this letter in the FT today:

Dear Sir,

Your editorial (Ministers should be clear: there are limits to their largesse Sunday Times May 22nd) is guilty of the 'lazy cry' that no new money can be created. Overcoming the banking and covid crisis was predominantly paid for by the Bank of England's quantitative easing (QE) programme: between 2009 and 2021, £895 billion of new money was created, with no resulting inflation.

It's time for QE3

Yours faithfully,

Colin Hines

The last paragraph as submitted said:

To help solve today's cost of living crisis, level up inadequate social provision and tackle climate change it's time for QE3. Any additional funding required could come from government incentivised savings, such as pensions and ISAs, plus a fairer taxation scheme.

The message is clear though: new money is part of the solution to our problems and is not a problem in itself.

The letter was sent in response to [Mervyn King's claim](#) that QE had caused inflation, which we dispute.