

## The printing money myth

Published: March 14, 2026, 7:15 pm

---

We have just published [this short video on YouTube](#) and many other channels.

This is the transcript:

---

The question that people often ask is, why can't we just print money? And you've heard the normal answer to that question time and again. People say that it's because printing money causes inflation. They say that always happens. They say it happens immediately, and they say it's catastrophic. But that's not true; that's not how the money creation system works.

Creating money is easy. The government does, in fact, do it every time that it spends. Nothing that it pays out is ever paid for with taxpayer money, as it's called. Nothing is paid for by taxes. Nothing is paid for by borrowing. Everything is paid for by money creation through the Bank of England.

The real limits on that money creation process are the availability of workers and their skills, the availability of goods and materials in the economy, and the productive capacity to put people and materials together to produce something of use.

Inflation happens when we haven't got those capacities, people, materials, and the ability to put them together. Wise governments know that. They also know that the story about printing money is wrong, even if too many of them deny it.

Money creation is in reality used for all routine government spending, but in addition, and it's important to remember this, it's used in recessions to replace lost private spending. That prevents economic collapse at those moments. It's also used to fund investment when resources are lying idle. That is anti-cyclical behaviour by the government to make sure that we have a stable economy.

A government that refuses to use its capacity to create money leaves people and

capacity unused. It guarantees no growth, high unemployment and economic stagnation. The mistake is treating inflation as being automatic; it isn't. Inflation is about resource pressure, not money creation.

The question isn't, can we create money? It's, do we have the real resources to spend money on?

If the answer is yes, the government should create the money through its spending to put those resources to use.

If the answer is no, it should not spend because that will result in inflation.

That's the real rule we have to follow in economic management. It's simple, it's straightforward, and it's easy to understand. Now you know it, please talk about it.