

## The BoE's new governor - better by dropping the inflati...

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As the [FT reports this morning](#):

*The Treasury opened the door to a more aggressive monetary policy on Wednesday, as aides to the chancellor welcomed the next Bank of England governor's radical views on stimulus measures for flagging economies.*

*In a speech on Monday, Mark Carney suggested setting targets for the overall size of the economy, or nominal gross domestic product, rather than inflation.*

Well, that's better than setting inflation as the target, which was always a hopeless goal aimed solely at securing the wealth of those already rich. But it's still a long way short of the target. Nominal GDP is a poor target, distorted by negative factors that have no impact on well being (boost the number of divorcees and you increase nominal GDP but the world is not a better place; the same is true of major environmental disasters). The best target for any economy is, of course, full employment. Why is it so glaringly obvious for Goldman Sachs people to see that?