

Beating unemployment is the goal - or is it? This is no...

Published: January 17, 2026, 12:12 pm

Mark Carney has said that interest rates will not rise in the UK until unemployment falls from 7.8% now to 7%.

Now there are various ways of interpreting what that means in job terms - and it's not clear if he's using benefit claimants or unemployment data. But generously that means a fall in unemployment of 250,000 people is needed before interest rates rise.

Well of course that's better than nothing. And the way the government is still sacking people the target might a while to achieve. But it's also pretty modest.

That would leave maybe 900,000 young people without work for example.

But it would mean interest rates rising despite that.

Let's not get bowled over as yet that this puts unemployment at the heart of the economy or economic thinking. It doesn't. All this says is that the Bank thinks there's enough slack in the economy to not raise rates until 250,000 people are back at work.

And then it will revert to type and squeeze the economy hard.

That's not enlightened thinking - that's just saying the inflation risk is very low right now - as I suggested this morning.

I am not impressed.