

# Funding the Future

Article URL

Published: January 12, 2026, 5:24 pm

---

Mark Carney has said the Bank of England will not raise interest rates until unemployment falls to 7% of the available workforce, with some important caveats attached.

But why 7%? [This graph shows long term unemployment rates:](#)

Unemployment was at or above 7% from 1979 until 1997, almost exactly. Now, Thatcher fixed that by creating incapacity benefit which finally delivered in statistical terms for New Labour, but the the point is 7% is high. And now that IDS is doing all he can to push people onto unemployment statistics and away from benefits, and the government is doing all it can to sack people, the chance of reaching 7% is low. That's why it's been said it will require 750,000 new jobs when the required fall is only 0.8% from the current ratio - and there are not, as this implies, 93 million economically active people in the UK.

But even then there would still be over 2.2 million unemployed people in the UK. Does anyone think that a 'natural' rate of unemployment? Or one we can afford, economically or socially? And if so, why?

I welcome an unemployment target, but this one is absurd for a great many reasons, not least because of the human misery that it implies it will tolerate.