

Labour is doing what Labour should do with its new bank...

Published: January 13, 2026, 1:32 am

There are times when I feel as if I am living in a surreal world. This morning is one of them. What is surreal is the reaction to Labour's new policy initiative yesterday.

Labour [has announced that it is to look at breaking up the monopoly power of banks](#). I welcome that because even though this may not be an immediate vote changer for many people it is a serious attempt to challenge established power, which is what is needed. That has real long term implications.

The FT [has responded by noting that](#):

Bank of England governor Mark Carney said on Wednesday he opposed both the idea of a “crude bonus cap” and of reducing retail banks’ market share, dealing a blow to Ed Miliband’s proposals to shake up the banking sector.

But that's absurd: why would Osborne's appointee jump with delight for Labour? Or a man wedded to banking think an attack on its power was appropriate? All Carney's reaction does is suggest Labour is right.

And Carney's hardly glowing with credibility. [As the Guardian also note this morning:](#)

Bank of England governor says rising market not a threat as surveyors' group predicts rises could become unsustainable.

Carney's batting on the side of the improbables there. Maybe a Canadian can't spot a UK housing bubble. Those of us who have lived in London for any time can.

And as for Cameron on banking. [As the Guardian again notes:](#)

David Cameron is to demand EU treaty reform to 'save' City of London Prime minister to tell Angela Merkel and François Hollande he wants cast-iron legal protections for UK financial sector

The Guardian [may question Labour's bank strategy](#) (on what might be called pedantic lines of argument), but given this performance by the Bank and the Tories it makes a

lot of sense.

Labour is doing what Labour should do: it is putting the establishment on the spot. When the government is kow-towing to bankers at every opportunity of course Labour is right to do this. It may not win an election by doing so but serious people will see in this policy real political significance and a statement on whose behalf Labour means to govern.

Don't doubt it, even though many seem to be doing so and no doubt there are some flaws in the detail; this is important.