

Mark Carney admits Bank of England independence has fai..

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This [comes from a speech Mark Carney gave yesterday](#), talking about Central Bank Independence:

In no small part due to my predecessors, particularly Lord King, the stagflationary threats in the UK were tamed by a new regime for monetary stability that was both democratically accountable and highly effective.

Clear remits. Parliamentary accountability. Sound governance. Independent, transparent and effective policy-making. These were the great successes of the time and their value endures today.

But these innovations didn't deliver lasting macroeconomic stability. Far from it. Price stability was no guarantee of financial stability. An initially healthy focus became a dangerous distraction. Three thoughts.

First, the arrangement only worked during a credit boom that lasted from 1998 to 2008. That's not exactly an indication of success.

Second, The acknowledgement of failure is welcome. Third, staggeringly, because nothing in the BoE remit has changed, there is no acknowledgement that the distraction of solely focussing on inflation remains unhealthy, and even dangerous. Carney's analysis is confused and his prescriptions are unclear. What is needed is a review of the whole purpose of Bank of England independence, its goals and remit. And that's not apparently on the table even though the most cursory reading of what Mark Carney has said makes it clear it is needed.