

Someone save us from the folly of central bankers, plea...

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According [to the FT](#) US Fed governor Lael Brainard gave a public speech yesterday that laid out why that organisation want to unwind US quantitative easing. She said:

The Federal Reserve is advancing plans to allow the balance sheet to run off at a gradual and predictable pace. And for the first time in many years, the global economy is experiencing synchronous growth, and authorities in the euro area and the United Kingdom are beginning to discuss the time when the need for monetary accommodation will diminish.

I think some wires are crossed here. Yesterday the UK's Office for Budget Responsibility [issued a report](#) saying (if I might, I think fairly summarise) that the UK's fiscal risk was high, the chance of a recession significant, and the expectation that there will be a need for considerable additional public borrowing very high indeed. Not one of these facts suggests that the UK is even remotely close to considering this issue. I'll be candid; I doubt it will be in my lifetime, and I'm planning on living a long time yet.

But let's ask why they might want to unwind anyway? There's only one reason I can think of. That is to restore interest rates as a weapon central banks might use to control the economy. That's it. But what this means is that some central bankers want to, in effect, trash the economy, threaten people's well-being and risk the fragile financial stability of a banking system over-dependent on excessive personal debt so that it has a weapon to deal with the next financial crisis, which they will in the process trigger. It takes staggering inability to believe this issue even worth discussing, but apparently it was. The central banks of the UK, Japan, Canada, Mexico, Switzerland, Singapore, China, Australia, Sweden, Australia, the eurozone and even Nigeria were apparently present.

Someone save us from the folly of central bankers, please.