

If only the Institute for Economic Affairs understood a...

Published: January 13, 2026, 3:43 am

On Wednesday the [Telegraph posted](#) an article by Neil Record, who happens to be the Chair of the notorious Institute for Economic Affairs. The headlines were:

We made an appalling mistake so the Bank of England needs a £188bn bailout

As interest rates rise, we are about to suffer the consequences of a decade of reckless spending

[Neil Record](#) 14 December 2022 • 3:10pm

As I tweeted:



Richard Murphy
@RichardJMurphy



What a lot of drivel by the [@iealondon](#). If Neil Record actually knew anything about mark-to-market accounting he would know the Treasury has made a profit exactly equal and opposite to the Bank of England's loss, meaning overall there is no gain or loss and he is talking nonsense



The Telegraph @Telegraph · Dec 14

'Western economies' populations are going to pay dearly for this appalling mistake' | Writes Neil Record

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telegraph.co.uk/business/2022/...

4:18 PM · Dec 15, 2022

It is undoubtedly true that the Bank of England, or rather its supposed subsidiary company that runs the so-called Asset Purchase Facility that actually owns the

government bonds or gilts bought under the quantitative easing programme, has made a loss as a result of the falling price of government bonds since interest rates have risen, entirely as a result of the Bank's own decision, backed by the Treasury (of course).

But there is no actual loss for three reasons. First, the APF does not have its accounts consolidated into the accounts of the Bank of England. That's because the APF is wholly indemnified for its losses by the Treasury, which has to approve all its actions. It is, in other words, in reality under the direct control of HM Treasury. So the Bank cannot make the losses Record claims.

Second, in that case, if there is an accounting loss, it is to HM Treasury.

Third, if Record knew anything about accounting he'd know that someone must have made a profit from this fall in value, because after all debits are always matched by credits. And who made that profit? HM Treasury did. In accounting, if the value of your debt falls you record a profit. It's that straightforward. HM Treasury has gained exactly the amount supposedly lost by the APF. The net impact for accounting is precisely zero right now.

But Record either did not know this, or chose to ignore it, or he does not understand accounting, or macroeconomics, or how the Bank of England works, or how the APF works. So he wrote a pile of garbage. And the Telegraph printed it.

But that's the way the right wing media works now.