

Inflation will cease to be a problem soon: the issue wi...

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UK House prices are falling.

In the EU inflation came in at lower than expected rate last month.

In the US there is just a hint that the Fed might be easing its position on interest rate rises.

Here, Huw Pill, chief economist of the Bank of England says otherwise, even though both the Bank and the Office for Budget Responsibility say that inflation will largely be gone by the end of 2023 or early 2024. Given that there is a two year lag between rate rises and inflation reacting that fall cannot have anything to do with the Bank's ruinous policy of rate rises.

So what is happening? First, as I have long said, inflation is falling simply because of a) the passage of time, where the evidence is that this always happens and b) because this is the inevitable consequence of the way it is calculated and, maybe (in the case of house prices) c) the result of inept policy by Kwarteng and Truss.

Looking at the second option, as I have explained before, since inflation simply compares prices one year with those a year beforehand, and there was a massive one-off shock from Putin's war which we hope will not repeat and which might even reverse, a decline in inflation has always been inevitable. The Bank had to do nothing to achieve that result.

Everything it has done has made matters worse: it is impossible to say otherwise. Interest rate rises, quantitative tightening and the massive support it is providing for austerity as a result (when that is not in its mandate) are deeply harmful. The results are already becoming obvious.

But, as ever, where is the Opposition? Why didn't know Labour know this if I did?

Why too can't it say that the problem now is not inflation, but is instead dealing with the fact that pay rises are lagging inflation, leaving millions more in poverty, which can

only be corrected by pay rises?

And where is its plan to cut interest rates down again, with alternative plans (lending caps for mortgages, for example) to constrain the consequences?

These are absent. All we hear is that they will scrap the non-dom rule and spend the proceeds many times over.

The way out of the mess we are in is to offer a better story of what is possible. After all, we live by narrative, and the stories we tell ourselves are critical to how we view the world. There is a better story to tell right now, and Labour is refusing to tell it, leaving the Tories effectively unopposed.

It is annoying to have to keep saying this, but I feel I have no choice. The alternative is to watch the rapid spread of economic despair without suggesting an alternative is possible. And I cannot do that.