

A sane government would stop the out-of-control autocra...

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The Guardian has reported a speech by Bank of England chief economist Huw Pill, given in New York yesterday. In the speech, Pill said that the Bank still needed to raise interest rates as the threat of inflation had not gone away. As [the Guardian notes](#):

Pill said that although natural gas prices had fallen, they remained significantly higher than historical levels, raising the threat of persistently higher inflation because businesses and households may push to offset these costs by demanding higher wages and prices.

“The longer that firms try to maintain real profit margins and employees try to maintain real wages at pre-energy price shock levels, the more likely it is that domestically-generated inflation will achieve its own self-sustaining momentum,” he said.

It is not just gas prices that have fallen, [as I noted recently](#). Most raw material prices have, at least to the levels that they were at before the war in Ukraine. But that is not the issue for Pill. He has another quite separate agenda.

What Pill wants are two things. First, he wants to force those businesses that have not already increased their prices to reduce their profit margins. And he wants to force households to accept lower real incomes. In other words, he is seeking to crush the economic wellbeing of both.

The result will be twofold. The first consequence will be significant numbers of failing businesses as profits collapse. Rising unemployment inevitably follows.

And second, Pill wants to impose real misery on households.

What is more, just in case businesses and households will not voluntarily accept these demands he says he will use the power of the Bank to wholly unnecessarily increase interest rates to ensure that businesses really do fail by compounding their problems by increasing the borrowing costs, whilst simultaneously crushing the spending power of households who have to borrow (mainly younger households, with children) or those

who rent (as rents follow borrowing costs) which tend to be lower income households.

Pill will, of course, say that this is what is required for the Bank to fulfil its mandate to keep inflation down - even though that is forecast anyway, and which fall now requires no change in the interest rate, unless it is a downward move.

I do not see things Pill's way. What I see is a brazen abuse of power to reinforce the wealth of a few at cost to most in society by an authority (the Bank of England) that is wholly out of control and which is using neoclassical economics, which has no foundation in economic reality, as a tool to oppress most in society to benefit the few who this policy will favour. Call it economic civil war, if you like.

And what I cannot find is anything in the Bank of England mandate that says it is allowed to oppress the country. Nor do I see anything that says it must create wholly unnecessary recessions. What is more, nothing says it must engineer an increase in inequality in the UK. Nor does it have the power to lay waste to the UK business community, or drive households into destitution. But that is what they are doing.

And then ask the question, why is it that the NHS and social services are under such stress? Could it be, at least in part, the result of the deliberate policy of the Bank of England to undermine security, incomes, safe housing, stable communities and secure childhoods in this country? Might their policy of deliberately creating anxiety at almost unprecedented levels be the cause of much more than our economic malaise? I think so.

I strongly recommend that in this case we stop taking this Pill at face value and see what he really intends, which is economic devastation. A sane government would stop the out-of-control autocrats at the Bank of England. Ours just applauds them as they drive the country towards destitution.

We are living through an era of economic madness.