

The Bank of England will "crash the economy"

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I mentioned yesterday that I had done an interview with the Express. The result eventually turned up in my inbox.

I suspect [the article is only online](#), but did not purchase the paper to find out. It says:

The **Bank of England** will "totally crash the economy" if they continue to keep **interest rates** at their current levels, an economist warns. On Thursday, the Bank announced that it will raise borrowing costs for an eleventh successive time to 4.25 percent from 4 percent.

Bank of England Governor, Andrew Bailey, said that he feels "a bit more optimistic now" that the UK can avoid recession.

He added: "We've seen signs of inflation really peaking now. But of course it's far too high.... We need to see it starting to come down progressively and get back to target."

But Richard Murphy, a political economist, tells Express.co.uk that the Bank of England's strategy is not going to help tackle inflation, and could cause economic catastrophe.

He said: "At the moment the Bank of England is trying to force interest rates to levels that are completely unknown in the UK in the last 20-plus years.

"The UK economy doesn't know how to operate in this scenario.

"They are saying that they don't want interest rates to fall below four percent for some time to come, maybe even five or six years at this level.

"My view is that you can do that but you will totally crash the economy. Households will not be able to pay their mortgages, people won't be able to pay their rent.

"We have wages lagging way behind inflation at the moment, and the offers being made to people like nurses and rail workers won't actually help because there are real pay cuts built into them for future years.

"People's earnings will fall way behind inflation over the next few years."

Mr Murphy has called on the Bank of England to bring down interest rates to **reduce pressure on the banks** and make life more affordable for ordinary Britons.

He added: "We have this huge distribution of wealth upwards in society. You don't have to be a socialist to say there is a problem with that. People haven't got enough money to spend to **Page 1/2**ning. That's a fact.

"That means the economy is bound to stagnate at best.

It's not an outlet I expect to get in. Doing so is useful.