

Funding the Future

Oil and gas prices are tumbling. Wage cuts are not need...

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In the debate I was involved in on Nicky Campbell's show on Radio 5 Live and the BBC News Channel this morning, it was claimed by one financial services person who phoned in that the era of low-interest rates is over and that high and oil and gas prices are here to stay so, of course, we are going to be poorer [as Huw Pill from the Bank of England forecast.](#)

So, here is the [10 year](#)



And this is [European natural gas](#):



And this [is UK natural gas](#):



There are, of course, differences.

But there is also one massive thing in common: all these prices are tumbling from the highs to which speculators and not the cost of production took them.

So, what caused this boom in prices? Greedflation, of course.

And why aren't all the benefits of tumbling prices (with very obviously more to come) flowing through as yet? The same answer, of course.

Will all prices go back to where they were? I can't be sure. But oil is already moving there. Gas is likely to fall somewhat more.

For anyone to claim in that case that we must be poorer for this reason is wrong. We need to allow wages to adjust to what has happened. And then we need to move on. But a perpetual adjustment in profits in an upward direction cannot be justified by what is happening in oil and gas prices. Those claiming otherwise are wrong, as I noted during the programme.