

# Funding the Future

## The political nous to solve problems is in very short s...

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As the [FT notes](#) this morning:

*Britain's public finances are taking a beating from what looks set to be the highest debt interest bill in the developed world this year.*

*The Treasury will spend £110bn on debt interest in 2023, according to a forecast by Fitch. At 10.4 per cent of total government revenue, that would be the highest level of any high-income country — the first time the UK has topped the data set that goes back to 1995.*

There is, of course, an easy answer to this problem. [As I noted in a letter to the Guardian](#) last week:

*There is no need for the Bank to pay base rate on all the deposits [the UK's commercial banks hold with it]. To ensure the effectiveness of its interest rate policy it needs to pay base rate on some of them. Interest on £200bn should be enough to do this. The rest could enjoy interest at a very much lower rate: 0.1% should do. Japan and the eurozone already use such a two-tier interest rate system. If done here this would save around £30bn per year which is enough to meet all pay demands now being made of the government.*

It just takes a little political nous to solve this problem. The problem is, that is in very short supply.