

Who didn't repair the roof when the sun shone?

Published: January 15, 2026, 8:44 pm

UK [government debt yields](#) have reached five per cent.

A couple of years ago the same debt could be issued at 1.5 per cent.

You could argue that both represent negative yields when compared to inflation. But there the comparison ends. The cash cost of 1.5% was small. That cannot be said of 5%. And with governments of the sort we face that matters, because we are suffering government by book balancers. Or, to put it another way, government by people who do not know the first principles of government, economics or accounting.

The result is that we face the most massive crackdown on government investment now at a time when we are in desperate need of it. HS2 is an obvious victim. But so too is the investment that we need in sustainability - where Labour gave the green light to the government to cut spending by cutting back on its own £28 billion promises.

Meanwhile, the massive backlog of repairs expenditure will go undone. The state of our infrastructure will collapse, leaving the problem to the generations who will also have to face climate change. Intergenerational economic decisions do not come much more callous than this.

There are several points to make.

First, interest rates need not be this high. This is all down to the false belief that raising rates tackles inflation when it is now more than likely that the opposite is true. When food prices are falling and rents are rising the evidence of the harm interest rates are causing is there for all to see, unless you are in Downing Street or Threadneedle Street, that is. We need rate cuts, urgently, and are told that they are not on the horizon for years.

Second, the folly of austerity is ever more apparent. Osborne, Hammond and others should have been repairing the UK whilst the interest rate sun shone. They did not. They favoured tax cuts instead. The folly of that is now ever more apparent.

Third, we are heading for a major crisis. Neither business nor households can sustain payment of interest at these rates and neither has any significant opportunity to cut their debt burdens. Increasing defaults are inevitable, as is an increasing poverty / income divide. And that, apparently, is what our politicians want. Either that, or they are too ignorant to know what they are doing. Those are the choices we have got when appraising their behaviour. Neither is appealing.

On top of that, we now we have the government collapsing all around us, and Labour having no clue what they will do, or they would say it.

Do you wonder why I want to spend the day birdwatching?