

Funding the Future

Article URL

Published: January 12, 2026, 6:16 pm

Chris Giles, the FT's main economic commentator has said this morning has [said this morning](#):

There is a fair chance that by the time the trees come into leaf in Washington, Frankfurt and London, this decade's inflation crisis will definitively be over.

He added:

In the six months between May and November last year, for example, the annualised rate of consumer price inflation was only 0.6 per cent in the UK and 2.7 per cent in the eurozone. Excluding volatile energy and food prices, annualised core rates of inflation were 2.4 per cent in both economic areas over the same period.

And then he said this:

It goes without saying that the rapid demise of inflation on both sides of the Atlantic in the second half of 2023 was as surprising as its prior increase. Last summer, the Fed, European Central Bank and Bank of England all expected inflation to remain above target until 2025 at the earliest.

At which lint, I groaned with dismay that someone in such a position can have been so unfamiliar with the evidence. As I wrote in August 2022:

Danny Blanchflower had a longish discussion yesterday in which we agreed that the [inflation](#) that is dominating economic discussion about our economy at present is a passing phase. That does not mean it is not important. Far from it, in fact. But what it does mean is that when discussing inflation we have to remember that this is a temporary phenomenon, and what is just as important is to discuss what happens after it.

There is a lot of evidence to support this opinion. First, [take this St Louis Fed chart](#) which summarises data from the [Bank of England](#) on inflation trends in first England and then the UK over a period of more than 800 years:



After a period of inflation there has, historically, always been [deflation](#), and even if the latter has been rare of late, there is always a return to more normal rates. [Inflation](#) does not persist.

The evidence is unambiguous. There never was going to be a struggle to bring inflation under control. Its return to mean, low, rates was always inevitable, and it is happening.

In that case the question is, what has been the cost of the mistaken belief of the likes of Chris Giles and the world's cohort of central bankers who believed otherwise, contrary to all available evidence, and who have demanded and then unleashed economic mayhem on the world via totally unnecessary and utterly destructive interest rate rises in the meantime?

Rarely in the field of human endeavour has one rather small profession caused so much harm to humankind as neoclassical economists do now.