

The governor of the Bank of England makes the case for ...

Published: January 13, 2026, 12:19 pm

Andrew Bailey from the Bank of England [is featured in the FT](#) today. It is hard to know whether the attitudes he displays are best described as patronising, grandstanding or gaslighting. I think all three might do.

They reach their apotheosis in this paragraph:

Bailey insisted that he did not need to see inflation drop to 2 per cent, the BoE's target level, before cutting rates, but he said the key point was "you need to see you are on the way".

As I [unambiguously demonstrated yesterday](#), we have had under two per cent inflation on average over the last ten months. Prices are still falling, especially when it comes to energy, which is key. As a result it is already known that this trend is extending. But Bailey wants more evidence, even though it is staring him in the face.

The reality is that the Bank of England is now the biggest creator of inflation in the UK economy. High interest rates feed straight into rents, higher prices on rented goods, and the price of things like phone and car contracts, which do, of course, include an interest charge on the borrowing implicit in the phone rental charge that they include. And businesses obviously need to recover their costs more generally.

But still, Bailey insists he must see the signs that inflation is over. This can only mean that he wants to see a permanent shift in reward from labour to capital to compensate for the extra costs he is imposing.

The pretence that he wants certainty is a sham. He knows he has it. He just wants to promote the interests of capital now, and is indifferent to the risks of recession and deflation whilst doing so.

He makes the case for ending central bank independence incredibly well. It is the only thing he does do well.