

Why do we give the Bank of England so much power?

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Andy Haldane's contribution to public debate since leaving the Bank of England has not been as significant as I think many hoped it might be given that he enjoyed a reputation as one of its more enlightened monetary policy setters whilst working at the Bank as its chief economist.

That said, this final paragraph [from an article](#) on inflation and economic forecasting in the FT this morning is good:

John Kenneth Galbraith famously said economics was extremely useful — as a method of employment for economists. The same could be said of inflation forecasts and central bankers. For all Bernanke's sound analysis, forecasting is likely to remain interpretive dance — always mysterious, occasionally enlightening, a show without much tell.

Of course, Haldane is referring to Ben Bernanke's review of the Bank of England's forecasting techniques, which I have already reviewed somewhat negatively [here](#).

Haldane is also negative, which leads to the obvious question as to why he spent so much of his life dedicated to the task he now treats with such contempt.

Saying that, it's hard to disagree with Galbraith, as usual. But in that case, and given the massive flaws in most central bank estimates, meaning that in general the quality of their forecasting is abysmally poor for reasons I noted in my previous piece, why do we give them so much power?