

Funding the Future

The message from today will be that the Bank of England...

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No one expects the Bank of England to cut interest rates today.

That is not because they should not do so. The case for a cut is overwhelming. Inflation is disappearing. High interest rates may be the biggest driver of continuing inflation, most especially through rents. And the evidence that interest rate rises have delivered no benefit to anyone but the wealthy is overwhelming.

The Bank will not, however, cut rates. There are three reasons.

The first is to spare themselves the embarrassment of admitting that the increases that they imposed were wholly misjudged.

The second is to spite the current and future governments by indicating that the Bank thinks it is in charge. Contempt for democracy will underpin this decision.

Third, they want to continue the upward redistribution of wealth within the economy.

All three of these decision criteria that they will use make the case for removing the supposed independence of the Bank of England. Labour will not, however, do that. In other words, the abuse will continue.