

Why haven't economic commentators noticed the market ..

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I am staggered by the commentary being reproduced in all our supposedly informed media about the increase in interest rate costs being suffered by the UK government.

They all know that the UK is not alone in suffering this increase. They correctly note that the same phenomenon is being seen in the USA.

However, what, without exception, they fail to note is that the Bank of England is creating much, if not most, of this turmoil in this country as a consequence of its aggressive policy of quantitative tightening, [to which I referred yesterday on this blog](#).

How is it possible that these supposedly informed people can discuss an interest rate, supposedly created by market forces, and not notice that the Bank of England is pursuing a policy undertaken at considerable cost to the UK government, and with a £100 billion a year impact on financial markets, that has as its sole intention the reduction of growth in the UK economy plus the maintenance of high interest rates, all with the supposed goal of keeping inflation under control, when that policy can have no possible impact on our inflation rate for reasons I have discussed here often?

Is this a deliberate conspiracy of silence? Alternatively, does it suggest some degree of ignorance? Or is it just plain oversight on a massive, collective scale, which indicates just how little original thought actually takes place in our mainstream media as each commentator copies the one who has come just before them? My suspicion is that it is a combination of all three.

To compound this, there has also been literally no discussion as to the control that Rachel Reeves could have over interest rates if she so wished. She could, for example, tell the Bank of England to cut its base rate. It is within her power to do so.

Alternatively, she could introduce a tiered system of interest payments on central bank reserve accounts, providing, for example, that the full bank base rate be paid on the first £100 billion of such reserves, with the rate falling away to 0.1% on reserves over, say, £300 billion. The precedent exists in the Eurozone and Japan. No one can say that

this is impossible, or even undesirable, because both those monetary areas have proved that it is entirely feasible. This would then massively reduce pressure on UK interest rates, which would very definitely fall as a result, with considerable benefit for the government, the UK economy, and everybody who borrows within it. But none of this is mentioned, and so no pressure is brought to bear on Rachel Reeves to do such a massively useful thing.

Why is it that such commentary is not taking place? It is most certainly not because every commentator is on Rachel Reeves' side. That is very obviously not the case. As a result, the only obvious explanation is that every one of these commentators believes that Rachel Reeves is solely subject to the whims of the market and that there is nothing that she can do about that, which belief she might share. The possibility that she might actually be able to change the rules by which the market operates appears to be beyond the comprehension of our mainstream economic commentators, so deeply mired in neoliberal thinking are they. She could, however, do that.

Our whole current economic malaise is down to the fact that it appears that no one now thinks that government can change the economic rules of this country, when it can. No wonder we are in trouble.