

## The costs of Labour's chaos

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As I expected, Morrgan McSweeney has gone.

I remain quite sure that Starmer will go.

And in the short term, there will be a cost to this. There are three obvious ones.

First, the pound is likely to dip in value. That has a short-term inflationary impact. It will be short-term, but it will happen.

Second, this means interest rates will still be too high when we need them to fall. The Bank of England will say there is an inflation risk now, and people will pay the price in higher mortgage and other borrowing costs, as will businesses, and the government itself.

Third, if Reeves reacts as she usually does, with the backing of the Treasury, which is accustomed to deliver austerity whenever it can, then public services might also be punished. Remember, another fiscal event is coming up in early March. It could be costly for those in need while uncertainty remains.

This is why I have suggested an [alternative plan Labour needs to adopt here](#).