

## UK must raise interest rates, warns OECD

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[UK must raise interest rates, warns OECD | Business | guardian.co.uk](#).

As the Guardian reports:

*The Bank of England should raise interest rates before the end of this year to keep inflation in check, the Organisation for Economic Co-operation and Development said today.*

*In its [half-yearly health check of the global economy](#), the Paris-based thinktank said that UK interest rates must rise from their current record low of 0.5% "no later" than the last quarter of 2010. By the end of 2011 rates should have risen to 3.5%, it said.*

That's a 3% increase in base rates.

In simple terms if that is passed on that is an increase of £500 a month on an about average mortgage.

And this at a time when VAT is also set to rise, pushing inflation up and likely to increase upward pressure on rates still further.

Both will have an immediate impact on household spending power - sucking demand out of the economy, leading to increasing unemployment and substantial risk of a double dip recession.

The economic prescriptions of the madhouse are coming at increasing frequency: the consequent catastrophe awaits.