

# George Monbiot: unveiling the Tories promoting the next...

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George Monbiot has another good article in the Guardian today, in which he argues:

*You think you've seen the worst of it; you haven't. Last week I wrote about how the British government, while imposing extra taxes and devastating cuts on ordinary mortals, has quietly [engineered a new tax exemption for the banks and corporations](#), which also encourages these businesses to shift some of their operations overseas. I thought that was as bad as it got. I was wrong.*

On the day I wrote that column the Conservatives were doing something just as repulsive, and far more dangerous.

Almost everyone condemns naked (also known as uncovered) short selling and wants it banned because of the huge risks it presents to the economy. It has been prohibited in the US, Japan, Hong Kong, Australia and Brazil: none of which are renowned for draconian regulation. The European parliament has drafted a directive to bring it to an end within the EU. I did say almost everyone, didn't I? There's one group frantically seeking to protect naked shorting and strangle the directive: the British Treasury, and Conservative MEPs acting on its instructions.

At a committee meeting in the European parliament last week, Tory MEP [Syed Kamall](#) inveighed against the ban.

Kamall's office told me his position "reflects that within the government".

]The Treasury confirmed this: "The UK does not support permanent restrictions on the uncovered short sales of either equities or sovereign debt – we believe it will do much to impair liquidity." Tory MEPs will be instructed by the whips to oppose the ban when they vote on 28 February. The UK government will then oppose it in the European council.

So here we have a government which claims to have learned the lessons of the financial crisis, opposing an obvious precaution against insanely risky speculation. How is this possible, when it knows what lax regulation does?

As George argues:

*To understand its position, you must first understand that the government is not managing the economy for the people of this nation. It is managing it for a tiny transnational elite, a kind of global gated community. To the people inside the gates, who fund the Conservative party, who own our politics, the media and the banks, the rest of us are an inconvenience, to be bribed, threatened or fooled.*

And:

*So what do we do? Look to Cairo. I suspect that [UK Uncut](#) — the most coherent response so far to the economic transfer — could be the beginning of something very big: a mass citizens' revolt against institutional theft. The point is not to overthrow the government: that must be done electorally in the UK. The point is to make it impossible to keep fleecing the nation to serve the elite. We go unarmed into this battle, but it's the government that's naked.*

And as I've said on his Guardian blog, George's observations are astute, accurate, and highly likely to be prescient as well.

The simple fact is that naked short selling is one of the many forms of market abuse that has proliferated in the City of London. The argument that this creates liquidity is quite absurd. It was not a shortage of liquidity in the City that caused the financial crisis in 2008. It could quite reasonably be argued that it was an excess of liquidity that resulted in the crisis. Too much liquidity, moving in the wrong direction, in unison because of the curse of neoliberal groupthink, created a wall of money heading towards a cliff, and in 2008 we did our very best to fall over it, saved only by the action of government.

The best reason for banning such abuse, and for reducing liquidity in the city, for example by the imposition of Robin Hood taxes, is that this will reduce the flow of cash through the financial system, will reduce the scale of speculative profit that is made within that system, which only serves the interests of a minority in our country which is paid by the rest of this, for example out of our pension funds, and it will reduce the risk and stress within that financial system, meaning that the chance that it will fall over again is again reduced.

This is glaringly obvious to any informed observer. I suspect it is also glaringly obvious to the banks, and to George Osborne. So there has to be an alternative explanation for the actions of the banks, and of the government. There is one obvious such explanation. This is that both the banks and George Osborne believe that another major banking crisis is inevitable and in the meantime they must let banks make as much cash, in whatever way they can, to boost earnings as far as possible so that balance sheets are boosted as far as possible to help at least some banks survive another

failure. Such failure would, of course, be global. It was last time. Leading UK banks exploit the market that it happens does, however, in the opinion of the banks and of the Treasury provide UK with what they would consider a 'competitive advantage' in accumulating funds until the crisis that, even though they will help precipitate that crisis by the way in which they encourage the action of accumulating cash.

This is the folly of the Treasury.

This is the folly of banking.

And yes, we must get rid of governments by democratic means in this country. But that does not mean we do not have the right to protest against the use they impose on us in the meantime. This government is heaping abuse on the people of this country. No wonder some are getting angry. We can only hope that sense prevails before this government's policies precipitate the next banking crisis.