

How to tackle Sunak

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I was busy writing elsewhere yesterday, with four articles written for other media.

Two are out. [One is on Novara Media](#):

Here's How Rishi Sunak Could Crash Our Economy (Again)

Austerity would send us spiralling into a deep recession.

by Richard Murphy
25 October 2022



Britain's new prime minister Rishi Sunak speaks outside Number 10 Downing Street, in London, Britain, October 25, 2022. Reuters/Heiny Nicholls

I concluded this one by saying:

The point is simple. Sunak can do austerity, as he is obviously inclined to do. And he can let interest rates rise, as the Bank of England is inclined to do. But if they do one or either of those, let alone both, our economy will go into a deep recession and millions will not only be unable to afford the basics of living, they may not be able to afford housing either.

Alternatively, Sunak can do what a good Keynesian would do in this crisis, and spend his way out of it as he did when Covid hit. It's that or crash the economy. The choice is his. But only one option will stop angry parents unable to feed their children from forcibly venting their anger, and that's what I fear will happen if he goes for austerity.

The other was on [AccountingWEB](#) where I was asked to write my fantasy budget. To quote a couple of bits, I suggested:

I know that there are those who will say I should be focusing on easing the concerns of the financial markets at this moment.

I have to tell those saying so that this is not my worry. The financial markets are big enough and well-funded enough, not least by £900bn of quantitative easing funding, to survive what is happening now.

As a result, I have this morning used the reserve powers afforded to me to instruct the governor of the Bank of England to reduce the official interest rate to 1% over the next three months. Nothing else, in my opinion, keep people in their homes in the year to come, or companies in the business of employing people, which is vital if recession is to be avoided.

I added:

Having dealt with this issue let me set out my economic agenda.

My budget has as its priority those who are not in the fortunately robust position of our banks. So, my focus is on the 50% of the UK population who have below average earnings and who between them share 9% of the country's resources, and not the top half who control 91%, or most especially the top 10% who control 43% of our resources.

My message is a simple one: it is that no country can survive such inequality and thrive, let alone be remotely fair, productive, entrepreneurial, or resilient. The stresses of trying to do so are just too great.

As to my proposals, [go to AccountingWEB](#) to read them.