

I can only hope that neoliberalism is in its death thro...

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As Stephanie Kelton [noted on her blog yesterday](#), the United Nations Conference on Trade and Development (UNCTAD) has issued [a report](#) in which they argue:

The world is headed towards a global recession and prolonged stagnation unless we quickly change the current policy course of monetary and fiscal tightening in advanced economies.

As Stephanie adds:

*To steer the global economy away from this looming catastrophe, the report calls on governments in advanced economies to “**avoid austerity**,” both for their individual sake and for the sake of the global economy as a whole. It also urges “central banks in developed economies to **revert course and avoid the temptation to try to bring down prices by relying on ever higher interest rates.**”*

I very strongly agree. UNCTAD is dominated by countries that have to borrow in currencies other than their own. The consequence is that if countries like the US (predominantly) but also the UK and EU raise their rates to supposedly fight inflation (which is, anyway, a policy doomed to failure in the current circumstances), then those countries are doomed to a situation like a mortgagee in the UK economy. Through no fault of their own, their costs will increase enormously, and they will have no extra income with which to pay. As a result the economic madness of the Fed, which is being copied by the Bank of England and others, is creating a worldwide economic shock that has all the potential to be a catastrophe, and all for no gain.

The obvious answer to this is to stop the madness of interest rate rises. This would work domestically, and it would work internationally. It's either do that, or the wholly mistaken policy of central bank independence will create a worldwide economic disaster.

I can only hope that neoliberalism is in its death throes. The world cannot survive it for much longer.