

Neoliberalism is seeking to destroy our economy: we're ...

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I [posted this thread on Twitter](#) yesterday evening:

The Bank of England is widely expected to raise its interest rates again soon. If central bankers keep going like this they will shatter the UK economy, making most debt unaffordable, which will precipitate bankruptcies, defaults and a banking crisis. A thread.....

Why is it that so much power has been given to so few central bankers, all of them unelected, to wreak havoc on the world, as we're seeing here in the U.K.? Blame Kwarteng for much of the recent mess, but have no doubt that the Bank of England was already hellbent on this.

As I was saying right over the summer, the mortgage rates now being offered in the UK (and higher) were going to happen here anyway by next spring if the Bank of England had got its way and raised its rates to 4% or more, as was expected. Kwarteng just brought them forward.

Everyone now agrees what I forecast months ago, that average mortgage costs per household that is borrowing to buy their home are likely to go up by £500 a month in the next couple of years, with some suffering this fate right now, and others just living in fear of it.

Why should this happen? It's because the far-right economic fundamental lunacy of Truss and Kwarteng is largely shared by those running policy at the Bank of England, and in other central banks come to that. They think finance markets rule, come what may, and people must obey.

What the BoE believes is that although almost no UK inflation has been created within the domestic economy by things like pay rises, because our inflation is all down to shortages caused by Putin, they must frighten people about inflation using the threat of

interest rate rises.

And what the BoE really mean by that is that either people on average pay must suffer pay cuts as Andrew Bailey, the BoE boss, has been saying since February, or they must pay for their pay rises with devastating increases in interest rates.

The reality is that Bailey and the Bank of England beat Truss and Kwarteng to the “bash people on average pay” policy by some way as a result.

And, since people have since February demanded pay rises despite his instruction to them not to do so, what he and his colleagues at the Bank of England are now doing is punishing them for having the nerve to disobey his instruction by actually increasing interest rates.

You can see why Truss is so keen on the Bank of England setting interest rates. The Bank of England, like Truss, don't seem to give a damn about the people of this country, or other countries, where the totally destructive impact of their policies will be felt.

If people lose their homes because they can't pay their mortgage interest, so be it, the Bank says. If rents also go up (as they will as landlords have mortgages too) and people can't pay and are evicted, the Bank of England will have the same indifference. They just don't care.

Nor do they care that their policy will force companies to go bust and increase unemployment. They have actually forecast that their policy will put a million people out of work. I think it could be many more than that now.

What's my point in saying this? It's beware the Bank of England positioning itself, as it did last week, as the saviour riding in to prevent the mess Truss and Kwarteng created by their mini-budget. The Bank had already been intent on a similarly destructive interest rate policy.

All that differentiates the Bank and Truss and Kwarteng is that the Bank had a well laid out plan for its policy of laying waste to the UK economy by pushing mortgage interest rates to 6% or more, and Kwarteng did it earlier by mistake.

The outcome for the people of the UK is pretty much the same whoever unleashes economic policy intent on the destruction of their well-being. And, importantly, unless something drastic happens getting rid of Truss and Kwarteng won't save us from that destruction now.

That is because the Bank of England are as intent on delivering the destruction the Tories' policies promise as Truss and Kwarteng are. And you can bet Sunak would not stop the BoE doing this either, even if he replaced Truss as prime minister.

What we are facing in this country is the ultimate act of destruction by neoliberal capitalism. The cult of neoliberalism exists to exalt the power of finance over all else, and demand everyone else make payment to meet its demands, all designed to make the rich ever richer.

The ultimate act of destruction comes in two parts. By raising interest rates without any need in a vain attempt to control inflation that it cannot address it destroys the well-being of millions of households and businesses, all of whom will in some way default on their payments

But so wide will the failure be that the banks who have provided the mortgages and business loans that will be defaulted upon will themselves be put at risk of failure as a result.

The BoE thinks that is impossible because they think that the £900 billion that the government effectively gifted to the commercial banks using quantitative easing will save the those banks from failure.

I am not convinced. I think the defaults will be much bigger than the BoE imagines. As the pension crisis of the last couple of weeks showed (yet again), financial regulators are hopelessly bad at predicting disasters because their models invariably assume they can't happen.

On this occasion the BoE thinks interest rates of 6% or more will not threaten commercial banks. In a recent speech, one BoE committee member suggested 99% of households could afford the £500 a month cost increase this represents, on average. This is cloud cuckoo thinking.

If people could not afford fuel bills of £6,000 a year and existing rents and mortgages there is no way that they can pay higher energy bills and £6,000 more interest or rent. Of course calamity is going to follow. But the BoE seems intent on pretending otherwise. Why does it do that? Because, like Truss and Kwarteng, the BoE believe money rules everything and the demands of the financial market must be met. There is no rationale to this. It's as logical as believing there are fairies at the bottom of your garden. Maybe they think that too
But, like Truss and Kwarteng and the Tufton Street think tanks, so certain is the BoE of this thinking, and its own superior intelligence, that they think they can impose this demand on all the rest of us and we will not only not complain, but will go along with our punishment.

This time I doubt that. Too many people face the destruction of their livelihoods, their families, their well-being and their health for that to happen. We've never faced anything like this scale of destruction in our lifetimes before, and all of it wholly unnecessary.

To summarise, the Bank of England's belief - backed by Truss and Kwarteng saying they

will not intervene - is that they can keep increasing interest rates now until the people of this country are broken into submission. And I just can't see that happening now.

That the Labour Party will go along with this destruction because they too are dedicated to letting the Bank of England have their own way does not help me see an easy political solution to this unfortunately, especially given their current poll leads.

In that case it is 'events' that will have to change outcomes now. Only when most politicians realise that the neoliberal philosophy that Labour and the Tories have shared for forty years is destroying the country will we get change.

As ever the reaction will be panicky. It will be expensive because it will be too late (given we could avoid it now by cutting BoE interest rates). It will be unavoidable by the time it happens. And what the cost will be is unknown. All I can say for certain is that the disaster can be avoided. We could stop interest rate increases now using well-targeted quantitative easing and changes in BoE rules relating to it to prevent the rich benefitting from it, yet again.

The Bank of England could also cut base rates.

And the government could use the funding new QE could provide to it to provide the pay rises people so obviously need to protect them from inflation.

They could also use QE to fund a Green New Deal to literally take away the foreign energy dependency that underpins the current inflation, in that way tackling the real cause of the problems we have as a result of that dependence.

One day I have no doubt they will do all these things. Right now though we remain on the mutual path to destruction that the Tories, in particular, the Bank of England especially and Labour, because they are too frightened to disagree, are intent upon.

I wish I knew a way of stopping that, other than by writing threads warning about what is going to happen, but right now I know nothing else. So what I am saying is prepare for the disaster to come by getting ready to say no to it in whatever way you can.

The power to say "No, you can't do this to us" is sometimes the only thing we have left to us. I think that quite a lot of us might need to use it, soon. It will be that or economic Armageddon and I know which one will be better.