

The Bank of England is harming the country and there is...

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The Bank of England has left base rates at 4.5% today.

Whilst I maintain my view the interest rates in the UK are far too high because, with an inflation rate that is under 3%, an interest rate of this level cannot be justified without significant inequality arising within society, which will be the basis for considerable social tension in due course, the decision that the Bank has made on this occasion is unsurprising, given the framework within which they operate.

The Bank has been told to manage inflation risk without consideration of the consequences. That is what it is doing. Trump's actions are threatening to increase inflation rates. That's a fact. The Bank is doing what it is told. They will, as a result, make the situation that the threat from Trump is creating very much worse, but given the framework they have been given, that is what they think they should do.

The trouble is, there is no one to stand back and tell them to do anything else.

Reeves will not challenge them because they could blow her cover about her career whenever they wished, and she will not risk that.

Labour appears to have no macroeconomists in its numbers at all. Come to that, thinkers are few and far between in their ranks. So, the chance that anyone might ask the obvious question, which is whether the interest rate setting system is wrong for this moment in history, will not occur to any of them. Neoliberalism says we must have independent central banks that must operate as the Bank of England is doing, so that is what must happen, they will say. How could they possibly challenge the economic hegemony, they would suggest?

And so, we will sink into ruin. All because almost no one in Labour, or politics as a whole, has a brain cell left with which they might ask the critical questions of the day.

That's what neoliberalism has done for us: it has destroyed the capacity of politicians to think.

Right now, we need both a central bank and a base rate that are managed for the benefit of the country as a whole. The country needs reduced rates. We are not getting them. Blame our supine and, frankly, stupid politicians for that.