When will we get a politics of care?

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Alex Wickham, who is usually a reliable source of economic data and who is based at Bloomberg, has suggested that information he has received indicates that UK domestic energy prices will increase by at least 25% by early in the New Year. As a consequence, it is highly likely that UK inflation will increase to more than 4% sometime during 2027, and it is this issue that is, apparently, weighing on the minds of the Bank of England Monetary Policy Committee when they consider changes to the Bank of England base rate, which will be announced after their deliberations conclude on Thursday.

My fear is that they will, as a consequence, raise base rates when this is just about the worst possible course of action that they could undertake for the well-being of the UK, its economy, and all the people who live within it.

I explained why I thought this a form of class warfare in a blog post I wrote last week, and there will be videos to come around money, inflation, and interest rates on Thursday and Friday this week, sandwiching the Bank's decision in the process.

The context is, however, clear. As most people would agree, we are living in very difficult times, and for a majority of people in the UK there is already a cost of living crisis that is causing stress in many households, varying from underlying nagging fear as to the sustainability of current lifestyles, through to outright panic as to how bills will be met when the apparent means to do so just do not exist. Making this situation worse by increasing interest rates so that mortgage and rent costs rise, as will the cost of so many products in which interest costs are effectively embedded, makes no sense at all.

I noted reports yesterday from a senior economist who was previously head of the economics department at the OECD, who said that the time had come for the pretence that there is a division between the actions of the Bank of England and the government to end. He is right. It is ludicrous that we have a situation where the government wants to deliver increased employment, rising living standards and an increased sense of economic certainty when, at the same time, the Bank of England is doing everything that it can to produce the exact opposite economic outcomes, which is precisely what their policies are meant to achieve by choice, and not by coincidence. Their callousness knows no limits, it seems to me.

The question to ask now is when will this economic farce come to an end, and when will it be that we might have people in politics, the Treasury, and the Bank of England who understand the economy, money, taxation and what is required to make them work together to achieve the desired results within the UK economy that people want, which are economic security and, most of all, freedom from fear, which at present the Bank of England is doing everything to create?

I am writing my new book to answer that question. About a quarter is now in draft.