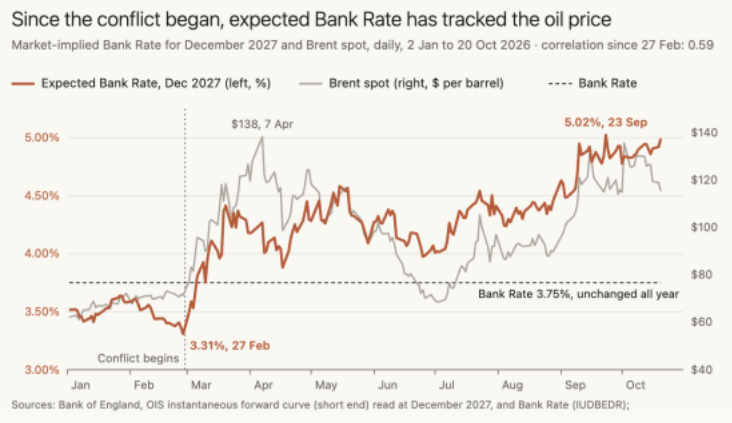
Funding the Future

When destruction is your modus operandi you do not worr..

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Activist and commentator Vincent Gomez has posted an article on his Sovereign Money Substack that includes this chart:



As he notes:

Britain's mortgage rates are now being set in the Strait of Hormuz. Since the start of February the average two-year fixed mortgage has risen from 4.85% to 5.96%, around 1,500 deals priced below 5% have been withdrawn since September alone, and the Monetary Policy Committee (MPC) has held Bank Rate at 3.75% on every day of 2026.

He added:

The market is reading the Bank of England correctly: the MPC has said that energy prices will drive its decisions, and traders price accordingly.

That leaves the cost of credit for every household and business in Britain hanging on a single commodity, priced in dollars and driven by a war in which Britain is a bystander.

Most especially, he says:

The price of Brent carries no information about how many workers the UK has, how

many homes it can build, or what its factories and hospitals can produce. For the purposes of domestic monetary policy it might as well come from a random number generator.

I have said things remarkably like that in this blog, many times before. And I entirely agree with what Vincent has to say.

So, why is this happening?

As Vincent says, the reason is obvious. Financial markets believe that the Bank of England will eventually have to respond to the rising price of oil by increasing interest rates because that increase in the oil price will, inevitably, fuel inflation in the UK, and the only response that the Bank of England is known to have available to it in that situation is to increase rates.

An increase in rates will have no constructive benefit within the UK, or have any impact whatsoever in curing inflation, but that is a matter of inconsequence to the Bank. The only tool it has been given is a hammer, so if inflation is the nail, it will hit it, come what may.

As Vincent points out, the reality is that this will not work, but it will actually be destructive. But as the financial markets know, the Bank of England works on the basis of destruction.

After all, the whole logic of using interest rates as the basis for controlling inflation is that an increase in rates destroys demand, destroys jobs, destroys well-being, and, as a consequence, destroys future prospects, in this case for no possible upside, but without that being a concern to the Bank of England Monetary Policy Committee, who appear quite indifferent to all of this. When destruction is your modus operandi, you do not worry about using it. That is the position the Bank of England is in, and we will suffer as a consequence.

Central bank independence was supposed to create better economic policy. It has, instead, delivered automated reactions that are profoundly harmful to the interests of people in the UK, and which are about as far from good policy as it is possible to imagine.

Not only do we not need interest rate rises in the UK at present (with interest rate cuts being my preferred option right now, because the economy is in need of support), but we do not need automated destruction of the sort that the Bank of England so predictably delivers that financial markets are able to perfectly anticipate it.

Neoliberalism has committed many crimes. This is one of them.