
Monetary policy as usual? The class characteristics of the Bank of England's Exceptional Monetary Policy since the 2007 global financial crisis

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Résumé

The 2007 global financial crisis triggered a revolution in the central banking world, as pre-crisis inflation targets were abandoned in favour of new and exceptional monetary policy. In the UK, the Bank of England's exceptional monetary policies have been three-fold: a commitment to historically low interest rates, the use of Asset Purchase Facility to drive up the price of financial instruments, and the use of funding subsidies to lenders via the Funding for Lending Scheme and Term Lending Facility. The main change in UK economic strategy since the crisis has been the use of exceptional monetary policy in an attempt to drive economic growth, rather than resorting to fiscal activism.

This paper argues that when viewed from the perspective of labour these developments in monetary policy are not 'exceptional'. Rather, they are the intensification of a long standing strategy by capital and the UK state to discipline labour through wage restraint and increased personal and household indebtedness. The result is the ongoing creation of labour as a financialised subject which must be produced and reproduced as worker, consumer *and* debtor. This paper interrogates the relationship between exceptional monetary policy and labour through an analysis of domestic markets for housing and labour in the UK. Primary and secondary data are presented in the form of interviews with senior Bank of England and Treasury officials, evidence from Bank reports, official government documentation and statistical data.

The unique contribution of the paper is the foregrounding of labour as an analytical category, which reveals how 'exceptional' monetary policy has served to shield financial capital from the costs of crisis by increasing the current value of claims on the future incomes of UK workers and subsidising the cost of funds to UK businesses. Meanwhile a combination of austerity and permissive inflation targeting served to devalue labour, increasing the competitiveness and profitability of UK capital. This paper argues that this strategy is now reaching its limits as the rising cost of household debt is driving up the effective minimum price of labour and thus monetary policy makers now face a choice between a new wave of defaults, rising wage inflation or the increasingly elusive gains to productivity. A decision must be made to either destroy capital or increase wages in order to restore the fortunes of the UK economy.

Mots-Clés: monetary policy, central banks, labour, indebtedness, financial crisis, capital, UK labour and housing markets

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