

# The Bank gets inflation wrong

Many people believe the Bank of England is independent. They accept it has a main task to keep inflation down to 2%. The Treasury tells us curbing inflation is the Bank's job. So why don't all these people criticise the Bank for hopelessly wrong forecasts, telling us in 2021 inflation would stay around 2% in 2022-3? Why do they not complain that inflation soared to 11%, more than five times target and is still in double figures? Why do they not demand a big rethink, or management change? Why are senior Bank officials paid so much more than most other public servants and the PM when they cannot get anywhere near their main task?

Inflation is too much money chasing too few goods. The Bank was responsible for creating and allowing far too extra money and credit in 2020-2021. Why didn't they see that would be inflationary? Why did they blame Putin and the energy rises for the inflation when it was already 5.5% or 2.75 times target before the war? How do they explain low inflation in Japan and Switzerland, big importers of energy?

The truth is their models ignore money and credit, come up with bad forecasts and encourage them to make bad decisions. Change is urgently needed as they are now poised to make new mistakes which give us a needlessly big slowdown after the avoidable inflation.