

The Bank of England brings us a technical recession

The Bank of England printed too much money. They bought too many bonds at crazily inflated prices. They kept interest rates too low for too long. That gave us a big inflation, as some of us predicted.

They then blamed the inflation on rising energy costs following the Russian invasion of Ukraine. They refuse to explain why inflation was three times target before Russia attacked. They are silent on why big energy importers Japan and China did not have the high inflation when energy shot up.

Too late they shoved up interest rates. They destroyed money. They sold bonds at depressed prices. They sent the bill for all the losses to the Treasury to make taxpayers pay to bail them out. This has now delivered the shallow recession and downturn some of us predicted.

So why do we put up with this level of incompetence? It was obvious to anyone who studies money and credit that they lurched from too much to too little. The Bank refused to comment on money and credit, and revelled in a model of the economy and forecasts that were wildly wrong. They forecast 2% inflation for the period when it hit 11%.

What should they do now? Change their model to get their forecasts more accurate. Strengthen the Monetary Committee with some who do think money and credit matter. Stop selling bonds at huge losses. Allow sufficient money and credit to accommodate a bit of growth.