[The Bank of England offers no compelling understanding of inflation](#)

The Bank of England did not apologise for the massive overshoot in inflation. Hiking interest rates to 4% for no particularly good reason and dodging the big issue of selling bonds at a loss, the Bank did say "Our job is to make sure that inflation returns to our 2% target". So they accept inflation is their responsibility and they have the tools to do the job, but offer no explanation that makes sense for why they did not keep it to 2% inflation in the last two years.

They blame the higher energy prices and higher import prices the UK has faced. They do not ask themselves why China, Japan and Switzerland facing those same rising world prices kept their inflation down to 2% for China and to under 4% for the other two. They do not explain why they kept rates so low and why they kept creating money and buying bonds as they watched energy prices soar. They do not explain why UK inflation hit 5.5% before Putin invaded Ukraine. They do confess they let demand outrun supply. They do not comment on the £150bn of Quantitative easing bond buying at crazy high prices they did in 2021 when some of us were urging them to stop.

On their central forecast they have now slowed the economy so much this year that inflation will fall well short of the 2% target by 2025. Why? Why do the extra damage to demand and ,jobs so you generate lower inflation than needed and worse jobs and output? We need always to bear in mind that a year before inflation took off they were confidently forecasting it would stay around 2%.

They think the longer term growth capacity of the economy has slowed again to just 1% a year. The government needs to adopt policies that prove them wrong. The Bank itself needs to revise its forecasting models and give a more prominent role to money and credit. The Monetary Policy committee fails to report to us on how much money and credit creation there has been and has no targets for anything to to do with money. No wonder they find it difficult to get it right.