[The Treasury needs to think again about inflation]

Briefing from the Treasury for over a year now has been rightly telling us inflation is too high, and wrongly saying what we need to do about it.

Their mantra is unfunded tax cuts cause inflation. No recognition that the last two years of high inflation have been years of tax rises, so there is no possibility the current inflation was caused by unfunded tax cuts. No mention that if unfunded tax cuts can cause inflation then so can unfunded spending rises. No mention of the huge surge in spending in the last three years.

They should think again. The present inflation was brought on by

The Bank of England printing £150 bn of extra money during 2021,a recovery year.

The Bank keeping interest rates near zero by paying ever crazier prices to buy up state debt and to enable the government to borrow huge sums at very low rates

The Treasury imposing high carbon taxes, fuel duties and windfall taxes on energy to give us very dear energy at a time of high market prices

The Treasury agreeing to a 103,000 increase in civil service numbers from 2017 to today and a 68,000 increase in other public administration posts , resulting in a 7.5% fall in public sector productivity over the 3 years 2020-22.

The big expansion of state debt this decade effectively financed on a Bank of England overdraft

Tomorrow I will examine how the right tax cuts offset by spending controls and asset sales can bring inflation down. I am not recommending more borrowing to fund tax cuts, but if you did borrow by issuing a longer dated bond to pay for a tax cut the bond withdraws the same amount of spending power as the tax cut injects, though from different people.