

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 do with money. No wonder they find it difficult to get it right.

How do you best get growth?

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Capitalism has delivered fantastic growth in choice, incomes, goods and services. People on low incomes today in rich societies enjoy the luxuries of the few of past generations. In my lifetime I have seen cars, tvs, fridges and washing machines become the everyday experience of the many when many families had none of those just sixty years ago. A lot of hard

manual labour to do the weekly wash, to keep the coal fire stoked, to put cables into streets, to dig and weed fields has been replaced by domestic machines, better boilers, and diggers. Working hours have been slashed, working at home established on a large scale, paid holidays have become the norm, cheaper clothing made in heavily mechanised factories and great value food from an agrarian revolution have all raised living standards and quality of life. Most of this has been the result of inventors, entrepreneurs, savers investing in companies and people going to work for them. Our ability to produce everything from roofing tiles to drainage pipes, from cheese to sausages, from machine knitted socks to waterproof coats in industrial quantities with machines doing most of the hard work has transformed our lives. Seasons have been abolished by glass houses and imports of food. Distances between peoples have been narrowed by jet travel and on line communication. It took the mythical magic Puck in Shakespeare's time forty minutes to encompass the earth. 40 seconds would now be a long wait on a digital link.

Some say we should no longer want growth as it uses too much of the earth's resources and places too great a strain on our planet. Whilst I have no wish to impose controls on how many babies people have or to lecture on family size, it may be that the lower income countries that are still growing their populations will come to want fewer children in the way the richer countries have decided by individual choices. Most advanced countries now have falling populations with a fertility rate well below the 2 children per woman needed just to maintain numbers. The advanced countries with rising populations still are only gaining people through migration, not live births. This would be the most obvious way of reducing claims on resources. It is also true that many of the resources we need are renewable or are in abundant supply. There is plenty of water, but there is a need for more investment to have enough clean water for everyone's requirements. There can be plenty of wind, solar and hydro energy, though there needs to be cost effective solutions over how to store it and share it between places and times with plenty and places and times with none. There can be enough food adopting latest agricultural techniques, but there needs to be investment and income boosts in lower income countries to tackle under nourishment and their capacity to buy it.

Growth is the way to get people and countries out of poverty. Capitalism is the best way yet developed to move countries from low income to higher income. Overseas aid can alleviate the worst poverty, tackle hunger and sickness but it takes market transformation to make a Taiwan or Singapore out of a low income emerging market economy. People need to move from low productivity jobs on the land into cities, factories and service sector facilities. It requires leaps forward in education, in training, in company formation, in innovation, in savings and banking.

[My Interview last night with Dan Wooton on GB News](#)

Please go to 1:23:38 – 1:30:10 to see my interview on YouTube with the link below

<https://www.youtube.com/watch?v=liwuxwMJ7CE>

[More NHS beds](#)

My campaign for more beds in the NHS to expand capacity and help bring the waiting lists down has at last been successful. The government announced on Monday £1bn more to pay for 5000 additional beds in NHS England hospitals with staff to look after patients, a 5% increase in the present total. I asked the Secretary of State if more of the additional £14bn also planned for the NHS could be used for further increases in capacity. With the population increasing and the elderly population increasing from greater longevity there is more demand. I will continue to press for more capacity as we need to get waiting lists and waiting times down more quickly.

My Intervention in the Urgent and Emergency Care Recovery Plan Debate, 30 January 2023

I strongly support the £1 billion for 5,000 additional beds and 800 more ambulances. I have long argued that, with a growing population and a growing elderly population, we need more capacity. Is it also possible to take some of the £14 billion of additional money to provide even more capacity? I think we are going to need it.

Minister of State for Health and Social Care:

Within my right hon. Friend's question is, I think, how we get more flow into hospital: once bed occupancy goes above a certain threshold, lack of flow is the key interaction that drives inefficiency within hospitals. That is why we are putting in the extra capacity. It is also a question of reducing the numbers going to hospital in the first place and speeding up the discharge of those who are fit to leave. Whereas at the moment someone might sit on a ward for three days because they have to have antibiotics every day, if one continuous dose of antibiotics can be administered through new kit at home, not only is that a much better patient experience but it relieves pressure on the wards.

[My Interview with BBC Radio Berkshire's Andrew Peach – Hospital Beds](#)

I was pleased to hear that NHS England will pay for 5,000 more beds and 800 extra ambulances. I have been running a campaign to get more capacity into the NHS, pointing out we are short of beds and the staff to help patients. 6 million people read one of my tweets asking for more beds last December.

I discussed this with Andrew Peach of Radio Berkshire yesterday morning. You can find my interview at 1:15:40 on BBC Sounds attached in the link below:

<https://www.bbc.co.uk/sounds/play/p0dwm1gd>