

Inflation? Forget it

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The [FT has reported](#) this morning that:

Europe's biggest private-sector employer Volkswagen has said it is not under pressure to raise salaries, reinforcing central bankers' forecasts that the region's economic rebound from the coronavirus pandemic is unlikely to fuel sustained inflation.

Three things. First, I suspect that VW is telling the truth. I see little reason for it to say otherwise.

Second, there is no real sign of that wage pressure anywhere.

Third, that means there are no reasons for persistent inflation.

No one disputes we might get a little upkick this year. I very much doubt any policymaker will react to this in any serious way. The underlying causes of inflation do not exist.

It is time to discuss other issues of great importance.