

This shambolic government will impose misery on million...

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There is much speculation at the time that I write this blog about the events of the coming day as they relate to changes in the energy price cap, and the consequences that this will have.

It is thought likely that the energy regulator, Ofgem, will increase the energy price cap by about £650 per annum. The inevitable consequence is that millions of UK households will move into the energy poverty trap, where they are simply unable to afford the basics of living and their energy bills. Astonishingly, even our government is aware of that.

At the same time as this is happening it is likely that the Bank of England will double its base rate of interest to 0.5%, with an inevitable increase in cost for some of the households severely impacted by the increase in energy costs.

It is extraordinarily hard to imagine an economic policy that permits a cost increase to tackle the impact of other cost increases, but that is one of the things that we will see today. The failure of monetary policy to have any meaningful role inside economic management becomes more apparent by the day, but the Bank of England will be pursuing it anyway. What this says is that the time for Bank of England independence to be brought to an end is long overdue.

The more immediate crisis is, however, how to tackle the additional cost that so many families will face. By far the most effective, and obvious, answer to this is to increase the payment of universal credit and to extend the scope to include those additional families that will now be challenged by this increase. This is by far the most targeted intervention that the government can make, and for that reason it is the best.

Unfortunately, we also know that the government cut this benefit only a few months ago by £20 a week. The chance that they will now restore it is, therefore, low. As a consequence, the best course of action that it can take will, politically, be unavailable to them because they will be far too proud to admit their mistake.

As a result, we will get some form of hotch-potch of measures to address this crisis, all of which will be cumbersome to implement, none of which will be certain to reach their target, and many of which will be poorly targeted by providing benefit to those who do not need it. At a time when we need coherent thinking that is the last thing that we are likely to get. This shambolic government will continue to impose misery on many as a result.