

UK economic policy is to find a crisis, and make it ver...

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I have said many times before that we are heading for a difficult autumn. I said so before most did. Andrew Bailey, who is determined to make sure that this is true, is doing his best to agree with me as to the causes. According to the FT:

War in Iran and the effects of extreme weather threaten to ignite a new burst of inflation, the Bank of England governor has warned, adding to the problems facing Andy Burnham's government ahead of next month's Budget.

Bailey was speaking in the House of Commons yesterday.

He did so on the day when, again, [according to the FT](#):

The UK has paid the highest borrowing cost on a sale of its debt in almost three decades, as the global bond sell-off intensifies the pressure on public finances ahead of a crunch Budget.

A £4bn sale of 30-year debt on Tuesday was priced at a yield of 5.82 per cent, the UK Debt Management Office said, the highest interest rate on any gilt issuance since the DMO's creation in 1998.

The obvious solution to the debt issue being overpriced would have been to pull it from the market, but this obvious answer does not occur to the Treasury, which is dedicated to being dependent on the City of London.

In the same way, the obvious answer to the inflation problem that is coming our way, to which Andrew Bailey correctly referred, is to let it flow through the economy, because there is nothing that he or anyone else can do to stop it from happening. The last thing we need is an increase in bank base rates, which would push government interest costs even higher and make it harder for people who need financial support to survive this crisis to get it. That, however, is what he is no doubt planning.

We are facing a financial crisis not of our own making. That is indisputable. What is also undoubtedly true is that UK economic policy is intent on making it very much worse

than it needs to be.