Dear chief executive: welcome to the free market

B
race yourself for some simply awful news: employers can't hire quick enough and pay is rising sharply.

I told you: it's a disaster.

I'm being flippant, but much of what you might read will claim this is genuinely some sort of problem rather than a result.

Witness hospitality bosses moaning that they are presently having to pay staff moderately well, and indeed treat them better, or else see them walk.

This is the free market the CEO class is so enamoured off until they find themselves at the sharp end of it.

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What today's pay and labour figures underline is what a brilliant crisis Chancellor Rishi Sunak has had. His furlough scheme is making a strong claim for being one of the most successful government interventions ever, a problem for him politically since his party is theoretically against giant government interventions.

The valid concern is: now the Conservatives have developed a

habit for such huge spending during a pandemic, will they be able to kick it later/stop using it to fund their donors?

One other concern is inflation, but the figures out tomorrow are likely to show that far from running out of control, it is already beginning to fall.

Which means that the bigger problem for the economy remains not spiralling wages but insufficient demand.

The Bank of England's view remains that rising inflation is a blip and that the bigger problem remains people having not enough, rather than too much, cash in their pocket.

Remember that next time you read about the "threat" of interest rates rising. Rates are too low, signs that they are going up is a shift towards something approaching normality.

At this point, you have to imagine that the Bank is some sort of quasi-Communist organisation to believe otherwise.