

[Letter to The Financial Times](#), 3 November 2022.

## **A cynical way to deal with UK's political problems**

From Professor Costas Milas, Management School, University of Liverpool, Liverpool, UK

Chris Giles and George Parker in "Hunt eyes election war chest with options for finding £50bn savings" (Report, November 2) point out the political "difficulties" of failing to raise benefits or pensions in line with inflation.

There is arguably a meaningful, in economic terms, but also cynical way of dealing with this. According to the Office for National Statistics, a measure of "core" consumer price index inflation, which excludes energy, rose by 7.5 per cent in the year to September 2022.

The rise was much less than the 10.1 per cent rise recorded by the latest CPI measure of inflation targeted by the Bank of England.

Therefore, Jeremy Hunt, the chancellor, could argue that pensions (or even benefits) will rise in line with the core measure of inflation, which excludes energy, on the grounds that all households will be given economic help that takes into account the sharp increase in energy prices. Politically, of course, this move will be "suicidal". It will also be extremely tough (and unfair) on the financially weakest ones who rely on benefits to make ends meet.

Professor Costas Milas Management School, University of Liverpool, Liverpool, UK