

Recession? Likely, or just on the probable end of plaus...

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From [Martin Wolf in the FT](#) this morning:

Is a [global economic recession](#) likely? If so, what might trigger it? Willem Buiter, Citi's chief economist and the Financial Times' erstwhile Maverecon blogger, answers these questions: "Yes" and "China". His case is plausible. This does not mean we must expect a recession. But people should see such a scenario as plausible.

I err towards likely. Or if you wish, at the probable end of plausibility.

And what I am quite sure of is that in that case the assumptions that George Osborne was forced to make to forecast a government surplus by 2020 look increasingly inappropriate.

He assumed a significant improvement in the UK balance of trade. Even with declining commodity prices I do not think that likely.

He forecast massive increases in business borrowing to fund investment at levels unknown in recent economic history. With even a hint of recession on the horizon that is not going to happen.

And he believed that households are going on a massive consumer spending spree to max out their credit cards to a scale greater than that seen before 2008. Given the abolition of the social security safety net I foresee many fewer willing to take any such risk.

The reality for the UK is that we face a tough time.

The reality for George Osborne is that his plans already look like the most hopelessly wishful thinking. And this time the recession will be on his watch and will be made worse by his own failure to prepare.

People's Quantitative Easing is part of the preparation for times to come. George Osborne may come to regret not getting to it first.