

I may be wrong, but that's a risk worth taking

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Chris Dillow [wrote a cautionary, if public,](#) note to me last week on forecasting recession.

I think he slightly overstated his case: I do admit I could be wrong on this issue. We ended up being rather closer to agreement in a twitter exchange as a result than Chris' note suggests, but that's not my concern here.

First, I think the fear that Chris alludes to that I may be offering my critics a stick to beat me with if it transpires that I am wrong is too cautionary. They will always find a stick to beat me with: this makes no difference. All I am doing is adding an alternative into their array and I am unconcerned about that. The differences are much more fundamental than argument on any such point of detail.

Second, I disagree with Chris that it is not appropriate to forecast. Chris is wholly right to say that an economist cannot tell the future. I agree with that. But if society pays large numbers of people to be what I think should be public intellectuals (and I am now in that category, being paid one day a week by City University, and so by the state) then I think I have some duty to provide a return on the investment made by making public comment on what I think might happen in the economy and how we might prepare for it. That, I think, is part of the role although I know most do not do so.

And 'might' is the important word here. All management decision making is conditional, as a matter of fact. We cannot know what will happen and what the outcomes of actions will be, so we always operate in the real world in conditions of uncertainty. In other words, what Chris says about inability to forecast is necessarily correct. However, decision making has to take place despite that fact. Many (maybe most) economists pretend that this dichotomy either does not exist by assuming the existence of perfect knowledge, or seek to avoid it by saying nothing about what their work might predict may happen. I embrace the uncertainty and am willing to say what I think might happen, with what I think are best risk assessments attached (the statement that I may be wrong, but don't at present think that likely being such a statement).

The question to ask is not then whether I am wrong or not (because by necessity I will

be sometimes) but whether or not economists making suggestion that we prepare for possible outcomes that they think more likely than not is useful? I suggest such forward looking approaches are useful. That is sufficient for me to then justify the risk of writing as I do.

And I'm thick skinned enough to bear the consequences.

But I thank Chris for making me think about it.