

The IFS is talking nonsense: there is no need for a bal...

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The [Guardian](#) has reported this morning:

The government is on course to impose steep cuts in public spending from April and increase taxes by the end of the decade to their highest level as a share of national income since 1986-87 to combat the UK's persistent budget deficit.

But slower economic growth following the Brexit vote will still leave the UK with one of the largest black holes in public spending in the developed world, meaning the next government must find £40bn to eliminate the budget deficit in the next parliament, according to the Institute for Fiscal Studies.

I will be honest: I have not read their full report. But let's also be clear the premise of their report is nonsensical because there is [no need for any government to balance a budget](#). What is more, technically it is [simply not possible for a government to choose to do so](#). In that case the IFS are just peddling fear whilst recycling government propaganda that a balanced budget is necessary.

This is not true because there is no inflation of note, so there is no risk from borrowing.

It's also true because people are desperate to buy government debt: pensions depend on them.

And there is no need to reduce government spending when the economy is operating at well below capacity as it so obviously is.

Finally, it is madness not to borrow when interest rates remain incredibly low: this is the moment to issue 100 year or even undated gilts.

In other words, why is the IFS peddling bad economics? And why isn't the media asking that question of them?