

Javid's budget rule fits Einstein's defin...

Published: January 13, 2026, 1:52 pm

As the [FT has noted](#):

Britain's public finances face a black hole in three years if the economy follows the path forecast by the Bank of England, breaking chancellor Sajid Javid's new rules to guarantee a current budget surplus.

Financial Times calculations suggest that the lower rates of sustainable economic growth forecast by the BoE would leave the chancellor with a £12bn deficit by 2022-23, instead of the £5bn surplus laid out in the Conservative's election manifesto.

And what is their conclusion from this? They say:

The projections, based on modelling by the Office for Budget Responsibility, would see Mr Javid facing the difficult task of having to consider tax rises and more austerity before his first Budget on 11 March to ensure the fiscal watchdog gives his new budgetary rules a pass mark.

Their excuse is that they note:

"We can't run an overdraft forever on our day-to-day spending," Mr Javid said when he outlined his new fiscal rules in November, in a move that left little room for extra day-to-day spending.

I did, of course, quietly groan at reading this. In 2013 I wrote this blog:

<http://www.taxresearch.org.uk/Blog/2013/12/05/why-a-budget-surplus-is-the-last-thing-we-need/>

And rather more recently I explained why [modern monetary theory means that the logic of balanced budgets is completely bankrupt](#).

Despite this, and the now almost universal acknowledgement of the fact that austerity caused untold damage, we still have a Chancellor dedicated to balanced current

budgets. And that's also despite the fact that it is now appreciated that the only way we can fund the necessary action to beat climate change is by increased government spending, and not all of that spend can ever be categorised as investment.

The result is that, utterly incomprehensibly we have a government in power that is, in addition to Brexit, wanting to pursue an economic policy that very clearly will result in harm for the people of the UK, and will undermine any chance we have of adapting to be a zero-carbon economy and so play our part in helping preserve long term human life on earth, which future is in the balance. And all this is for the sake of an utterly discredited dogma that the government should not borrow when in fact all that its borrowing represents is the private savings of those who wish to place funds on secure deposit with it.

I am sure that this now fits Einstein's definition of insanity.