

The possibility of total economic breakdown is now with...

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I just posted the following as a thread on Twitter, hence the way in which is is divided. The message is as stark whereve3r and however it is read:

Before our government chose to become a pariah state, and before it was clear it planned to fail on coronavirus testing I expected UK unemployment to exceed five million next year. But now it may be very much worse. And I beginning to fear that is exactly what the government wants.

We find it very hard to comprehend a government that chooses to create unemployment. But remember Thatcher did just that. She created unemployment to destroy unions and manufacturing so she could create a different type of society. Is Cummings now planning something similar?

Could it be that this government wants staggering levels of unemployment as its excuse to take on all the instruments of power that it hates: Parliament, judges, civil society and democracy itself? Do they really think that catastrophe will let them reshape the UK forever?

If you wanted to create massive unemployment could you do better than end free trade, crush our export focussed industries, deny our service sector access to the EU and stoke inflation all at the same that Covid 19 brings the SME sector to its knees? I doubt it.

So why would you want that mass unemployment? Could it be to create the despair that might provide the support for your extremist crack down on all the liberties that

once underpinned life in the UK? Can you think of any better way of generating that support?

But I foresee a problem with this plan. I have little doubt that Cummings thinks he can keep control during the chaos he is seeking to create. So did those who created the French Revolution, and within months many of them had lost their heads, and I don't want that for anyone.

The problem for Cummings is he may believe forecasts suggesting we're heading for 3 million unemployed, and he imagines 4 or so million achieving his aim. But I already expected 5 million unemployed and expect many more now, plus mass corporate insolvency and a banking crisis.

Cummings wants chaos and despair to get what he wants. But No Deal plus Covid create the potential for total economic meltdown and simultaneous substantial inflation in the UK now which MMT cannot solve. We will be a failed state politically and economically in that case.

For Cummings' plan for the transition to the state he wants to work he has to maintain the appearance of a functioning state whilst subverting the purpose of every agency within it. This is how fascist takeover happens. But this continued functioning may not happen.

Massive unemployment - 6 million plus - means a catastrophic failure in demand and economic meltdown whilst the state pumps in millions in benefits payments which even so people may not be able to spend because goods will not be available to buy. Serious inflation could result.

At the same time No Deal Brexit will be trashing the value of the pound. This may be a previously unforeseeable double whammy that could break the UK economy. Britain will still pay its debts. But more importantly it may not be able to feed people.

There are three ways around this. One is abandoning No Deal. The second is making Covid testing work. The third would have to be a massive state backed work programme - beyond anything likely to be deliverable in the time required. Job Guarantees can work, but I doubt this fast.

I cannot see Cummings opting for any of the options that can save us from economic meltdown. He wants no deal. He wants herd immunity. And he wants unemployment. So we face catastrophe.

I suspect Cummings thinks he can maintain economic order by balancing the pound, unemployment, spending and QE. And without No Deal maybe we could. With it and a (likely) significant second spike his chances are remote. QE in this scenario tips us into chaos.

The result of the chaos is hard to imagine. But we've never seen a self imposed economic breakdown of the type our government is now choosing before so it's really beyond the boundaries of extrapolation. What will survive it and how is hard to imagine. That's its scale.

What are the odds of this chaos happening if we go for No Deal and have a Covid spike? I'd suggest they are very high indeed. I'd rate the chance of managing the economy in 2021 as very low in that situation. I expect the UK to be a completely broken nation as a result of it.

This can, of course, be avoided. Continued state support for business and employment is possible now. No Deal can be abandoned. Covid could be managed. We could become a willing partner of other states. We need not face turmoil. It will be a choice.

But, might this nightmare scenario that I think Cummings wants, without appreciating how bad it might be, play out? I think it might. And because I can now see that scenario developing I think it needs to be on the agenda for discussion. We have to know the risks we face.

If you thought things were bad, I suggest you think they could be much worse. That's the only way to embrace the possibilities that deliberately provoked economic meltdown might create and to plan for managing them.