

Chaos, incompetence, inflation and long-Covid: 2022 in ...

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2022 was not a great year. It may go down as memorable because of war and all its consequences. But that's not a reason to think it good. Reflecting on this I thought four words stood out for me that summarised the year.

Chaos

Few, myself included, really thought Putin would invade Ukraine. Those that did had little doubt that Ukraine would crumble in the face of the onslaught and before any assistance might be provided to it.

But, Putin did the unimaginable and launched a war of aggression in Europe. In the process, he showed that he, like almost everyone else, got all his calculations wrong. His army was much weaker than he thought. Ukrainian resistance was much stronger than he expected. The demands of the war on Russia were much bigger than he anticipated. As I write the war continues. No one wins from that. Almost universally the demand is that Russia withdraw.

One reason for that is Putin's rediscovery of economic warfare. He might have underestimated the power of the human spirit when faced with tanks, but he did appreciate the dependence of the west on Russian oil. The result has been economic chaos.

After Covid and the lessons it imparted, Russia's behaviour has provided a stark reminder of three things. One is that dependence on those who are not political allies is dangerous. The second is that extended supply chains are easy to disrupt. The third is just-in-time capitalism is deeply vulnerable to deliberate disruption. Chaos resulted from the realisation of these essential truths. That in turn suggests that globalisation has decided limits.

This war will end. I hope it does soon. I hope Russia is forced to withdraw. Re-creating sustainable supply chains with resilience built in will take a lot longer. Economic chaos is not over yet.

Incompetence

2022 will go down in history as the year the Conservative Party melted down. The supposed most effective political organisation in democratic history proved it was not just life expired but utterly incompetent.

There is a relatively simple explanation for this failure. After centuries of making compromises in order to pursue power whatever the circumstances the Tories have in recent years forgotten the need for compromise within a broadly based coalition of interests and have succumbed to intolerant extremism that has too often felt neo-fascist. This has attracted fanatics, but almost no one with any talent. Instead, those with ability have been expelled from the party.

The consequence has been clear for all to see. There have been so many ministers that it has been almost impossible to be sure who is in office. Those who are as the year closes are utterly incompetent. Their only plan is to see their term out. They otherwise are bereft of ideas, and have outsourced economic policy to the Bank of England, with dire consequences.

In the face of this total failure, which the public very obviously understands and blames on the government, Labour, should be riding high on ideas that could transform the country for a generation to come. It isn't. No one really doubts that it will win the next election. The sane hope the majority is small because this is a party as wedded to economic orthodoxy, austerity and the outsourcing of power to the private sector as any in the neoliberal era.

Meanwhile, people will suffer as a result of an economic policy consensus that only appeals to Westminster and Threadneedle Street and which offers high-interest rates, high taxes on the low-paid and reduced government spending when we need the exact opposite. Politics does not get more incompetent, or much more cruel, in this country than this.

Inflation

I admit I did not see this coming in the way that it has. But then I did not foresee the shift from Covid lockdown to Covid denial that happened in 2021 and which led to supply chain issues, or war, as noted above.

Covid reopening started the inflationary cycle and had worked through now (shipping rates, second-hand car prices and other indicators are all beginning to prove that).

War created a massive exogenous shock. That was inevitable. In inflationary terms, it was glaringly obviously a singular event, with it being inevitable that the impact was likely to last no more than a year. That is already being seen, although the decline in inflation that will become so apparent in 2023 does not mean prices will fall; they will

merely stabilise at higher levels.

Around the western influenced world the economic reaction to inflation has been wrong. It has been assumed to arise because of excess demand when the most cursory glance at the real world would prove this assumption to be wrong.

It actually arose because of an exogenous shock to which most people had not got the means (in the form of a financial buffer, commonly called savings) to react.

The application of the policy instruments designed to tackle inflation caused by excess income when the reality was that incomes were, for most people, too small to cope with this shock, will probably go down as the worst policy mistake of this year. High-interest rates and higher taxes are penalising people also being penalised by way below inflation wage settlements, meaning real incomes for households have tumbled when they were already struggling to survive.

There can be no forgiveness for getting something as basic as this wrong. Those pursuing these policies need to be swept from the economic policy-making arena, never to return. Their callous indifference to the suffering they are causing may be on a scale not seen since 1916, even considering the failures of UK health ministers in 2020. Only class warfare can explain it as banker-led policy seeks to re-establish strong, positive interest rates in the economy to enhance the ever-upward flow of money to those already wealthy. Nothing about this can be described as economic policy as a result: it is a massive attempt at eugenically inspired social engineering underpinned by the belief that wealth must flow to those who already have it as they must be entitled to more.

As a result, this inflation creates a febrile cauldron for discontent. The current pay disputes are only the first response to a situation where class war by the few against the many is becoming more brazen by the day.

Long-Covid

This one is personal. The second half of my year was plagued by long-Covid. But Covid also impacted the well-being of millions of others, left many unable to work and reduced the NHS to its knees, given its chronic underfunding. And through all this, the government said we had learned to live with Covid.

We haven't. Nor have we learned to live with strep A and various respiratory diseases as well as Covid, both short and long.

There is an easy answer. It is fresh air. Just as clean water transformed Victorian Britain so might clean air transform the UK now. It would be cheaper, simpler and more effective than any medical treatment. Engineers almost always solve public health problems. It could be delivered quickly, too. So why has that not happened? Blame

chaos, incompetence and inflation that have between them reduced the ability to think of those who believe they are competent to govern to collective jelly.

2022 was not a good year. I will look at 2023, soon.