

Today's autumn statement is based on a pile of total...

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What is really depressing about today, the Autumn Statement that Jeremy Hunt will deliver, and the response we will get from Rachel Reeves, is the fact that all of them believe in the wholly artificial constraints that they impose on themselves so that government might fail to meet the needs of the people of this country.

In no particular order these are:

The Bank of England must be independent

It is assumed that the Bank of England has the right to set interest rates and, if necessary drive the economy into a recession, as it is doing right now, and there is nothing that the government can do about that. This is simply untrue. We can get rid of an independent central bank and lead the world away from this madness.

There is no money

The old Liam Byrne claim that there is no money lives on as if it was true. The assumption is that all money is created by the private sector and taxpayers when the opposite is true. As a consequence no government really thinks it is permitted to run a deficit.

We are beholden to financial markets

It is assumed that governments must borrow at whatever rate markets will charge. That is not true. Firstly, interest rates are set by the government, via the Bank of England. Second, if markets do not want to deposit money with the government QE proved that governments can spend anyway. But that has been deliberately forgotten so that bankers can still blackmail us.

The books must balance

There is nothing in economic or accounting theory that requires this. In fact, a growing economy will always pay tax late to the government that runs it meaning that

government income will always lag behind either real or nominal growth, meaning that growth makes deficits inevitable, and that eliminating them makes no sense. But still the myth, or untruth, is perpetuated.

GDP growth is the goal of society

Given the massive deficiencies in GDP measurement, and the resulting harm and bias it permits, this is one of the most stupid economic ideas ever.

ONS and OBR forecasts are a useful basis for decision making

The Office for National Statistics and Office for Budget Responsibility produce between them terrible data on what has happened in the UK economy and what might happen. The ONS makes up GDP, and estimates national debt without considering any of the basic rules of accounting, which means the data they produce are completely rubbish approximations to the truth (CRAp). The OBR are always wildly optimistic to keep the Treasury happy.

Existing divisions in society are fixed

Apparently there is nothing we can or should do about inequality in the UK including imposing tax to reduce it. Instead we must celebrate and encourage it. Even Labour now agrees. So, the biggest cause of our economic failure continues, unabated.

We must have a bias to the rich

Related to the previous assumption, but different in emphasis. It is assumed that the rich are very clever and drive the economy. I am not a eugenicist, know that rich got where they are by exploiting others, and that they are deeply risk averse now they have arrived and so will not invest for growth or entrepreneurship. Nothing about the rich adds value to our society, and trickle down emphatically does not happen.

Those claiming benefits are scroungers

Being ill, infirm, unskilled through no fault of your own, or living in an area where the work has gone is clearly the fault of those suffering such situations. Of course they should be punished for it. I am being ironic, of course, but it seems that our politicians think this.

People must not be allowed to save with the government

The so called national debt is actually made up of savings by people, pension funds, life assurance companies, banks and foreigners. They want to save with the government. The government wants them to save elsewhere and will guarantee their totally unproductive saving in private banks rather than take their money and use it for public benefit. This is absurd.

Government spending makes no difference - private spending does

The assumption is the consumer always spends money more wisely than government. And so we end up with the public services, which everyone wants to work, in a mess.

Taxes must never rise

This is, apparently, the word of the economic gods.

There are more false assumptions than this: take these for starters and realise everything said today is based on these false premises that are bound to result in economic nonsense being said.