

What is the value of spotting that we are in recession ...

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As the [Office for National Statistics has announced](#) this morning:

UK gross domestic product (GDP) is estimated to have fallen by 0.3% in Quarter 4 (Oct to Dec) 2023, following an unrevised fall of 0.1% in the previous quarter.

That means that the UK has now been declared to be, with the power of hindsight, in recession.

Hindsight is a wondrous thing of no great value in economics: declaring something to the case after the event is rarely of much value.

What is of value is spotting that we are in recession during the time that this is happening. I took the risk of pointing that out.

Few others did, relying on the technicalities that demand that recession not be called until that event might be over. If, however, economics is all about measurement in retrospect it is no better a tool for management than most financial accounts are, and they record what did happen and provide little clue to management as to what they should do now.

It's very odd that a profession like economics, that claims itself to be so dedicated to the merits of markets, is itself so unwilling to accept risk. It renders itself useless as a tool as a result.

I'll stick to my approach in that case. I only had to walk about, talk to people and sense the zeitgeist to know that we were in recession, and that for many people and businesses this state has existed for some time.

The question now is what do we do about it? We all know that the answer to that is for the government to spend more. Hunt, however, is looking for tax cuts that will make things worse and Reeves is refusing to spend even the paltry £28 billion she had set aside for this purpose.

Welcome to the world of economics where the need for action is appreciated too late, by when politicians say there is nothing much that they can now do about it. What a pathetic state to be in.