

The IMF really needs to work out in whose interests the...

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The IMF has been sending out some very confused signals from its spring meeting, being held in Brazil this week. If I have read the bulletins that I have received correctly, and appropriately interpreted them within the context of the UK, which some of them specifically address, then the messages appear to be at least fourfold.

Firstly, they are not convinced that the risk of inflation in the UK is over as yet, and so are demanding caution.

Second, they have downgraded UK growth expectations for the year to well under one percent. That appears realistic, especially if in response to their demands on inflation interest rates stay above any reasonably required level.

Third, they suggest that there is no room for tax cuts, which is a political rather than an economic choice on their part, although it is one that I would support.

Fourth, they do, instead of tax cuts, demand investment in public services.

However, and fifth, they also expect that government debt be constrained.

In principle, these various claims are reconcilable. However, they do require a very particular political economic perspective to be taken, which embraces the idea that the capacity of the state is limited, that the creation of money is exogenous to it, and that priority must always be given to private sector activity, even if the basic needs of many are not met.

It really is time that the IMF worked out what the economic priorities of the 21st-century are. In particular, they should appreciate the promoting an environment in which the interests of rent-extracting global monopolies are prioritised is never going to meet the needs of most people. When they have got over serving the interests of that lobby group, we might get more coherent policy from them.