

For once the IFS are on the same side - by keeping a si...

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I have been pleased to hear Paul Johnson and Carl Emerson of the Institute for Fiscal Studies criticise both the Labour and Conservative parties' economic policies.

Their combined line as Director and Deputy Director of that organisation is that neither party is explaining the consequence of their almost identical and clearly inappropriate fiscal rules.

At the same time, they are making clear that those fiscal rules make proper funding of public services nigh on impossible if there is to be no serious growth within the economy, and, as they point out, all reasonable growth forecasts for the UK suggest that growth will run at very low levels for years to come.

As I have pointed out time and again, that is because the Bank of England is intent on crushing any growth in economic activity in the UK now by pursuing a policy of high interest rates with a combined intention of keeping wage growth and investment rates low, as a consequence of which growth is impossible.

Despite this, [as I noted last week](#), a number of professional economists have backed the Labour Party proposals for economic management put forward at this election. I have criticised them for doing so. That is because it is impossible, in my opinion, for the plans that Labour is proposing to work if the Bank of England maintains its current policies and if Labour refuses to spend any significant sums on state investment projects that might stimulate the economy,

and there is no indication at present that they have any material plans to do so. In that case, I think that the economists who signed that letter will all be facing considerable embarrassment over the next couple of years or so as Labour fails against almost every one of its economic goals, and the public becomes all too aware of that fact.

In contrast to those economists, it seems that Paul Johnson and his deputy at the IFS have realised that the only sensible course of action to take at present is to make clear that what Labour is saying makes quite literally no economic sense at all. Expecting the

UK economy to grow in conditions where both fiscal and monetary policy are very tight, as Labour claims to be possible, is irrational.

Nor can Labour seriously expect that a sense of relief amongst the business community that the Tories have gone will release a wave of spending to fuel growth. There is not a shred of evidence that any such thing is likely to happen.

I frequently criticise the IFS because a great deal of what it says makes little sense within the macroeconomic framework of this country as I understand it. However, on this occasion, what our two leading political parties are saying makes no sense within the context of the framework that they and the IFS also believe exists. What Labour, especially, are now asking us to believe is that economic alchemy is within their gift, and no one in their right mind should believe that is the case.

Not many of us have been wise enough to call out Rachael Reeves' incompetent economic plans prior to this election. The temptation to get on the economic bandwagon of those who seek power and influence from lending her support has been too strong for many to resist. More fool them, I say. Association with this coming government is something that will do very few any great favours. For once, the IFS and I are on the same side in keeping a significant distance from what they are saying. I think we will be the winners by doing so.