Funding the Future

The insanity of war

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Everyone knows there was no legal justification for the war on Iran now being waged by Israel with active support from the US, and quiet support from the UK.
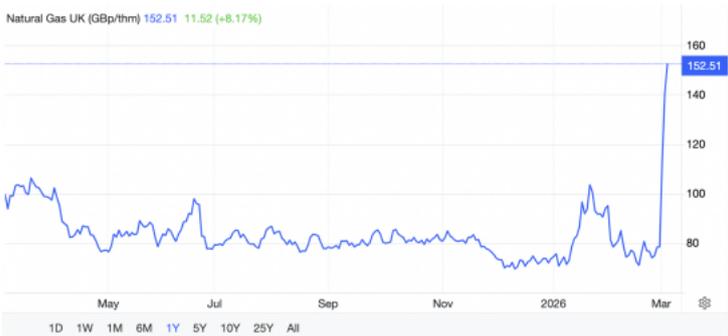
There was no threat to the US that could require its involvement.

There was no immediate threat to Israel.

There was no evidence that Iran has restored whatever nuclear capacity it had, which was bombed last year.

This illegal war was about regime change. The best claim for it was that it might bring a better life for Iranians. There is no evidence that aerial warfare has ever delivered this outcome.

The cost will be enormous. This is the UK gas price, from Trading Economics, at around 7.15 am this morning:
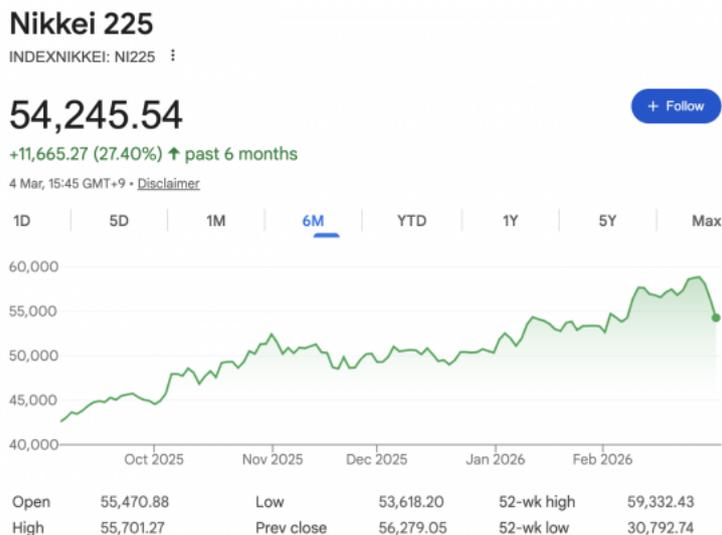

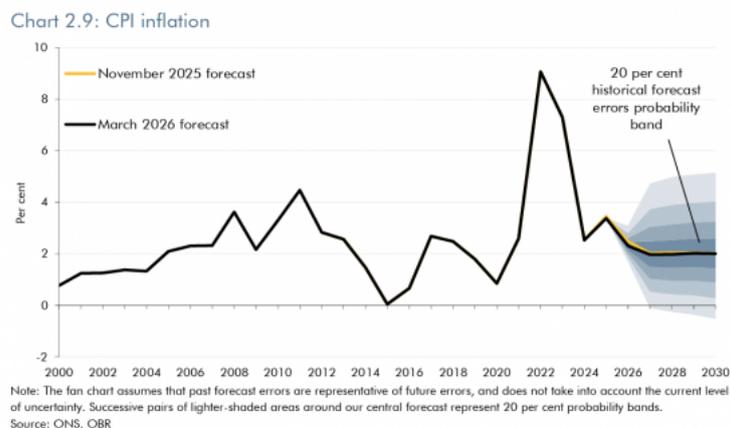This could increase UK energy costs per household by £500 a year.

The oil price increase is not so steep, but it might add 0.3% to inflation if it continues.

And the FTSE is falling, as I predicted. The 6-month view makes clear how sharp the reaction is:

FTSE 100 Index

INDEXFTSE: UKX

The tipping point has happened. I suspect the bubble is bursting, although US data is a little less clear, whilst Japan is as emphatic:

Nikkei 225
INDEXNIKKEI: NI225

54,245.54
+11,665.27 (27.40%) ↑ past 6 months
4 Mar, 15:45 GMT+9 · Disclaimer

1D	5D	1M	6M	YTD	1Y	5Y	Max

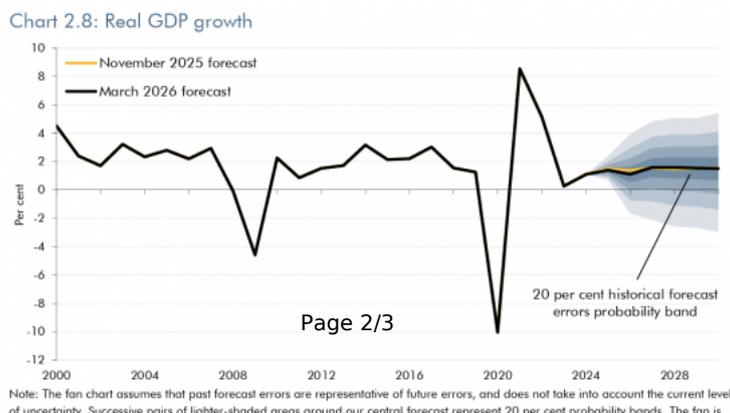| Open	55,470.88	Low	53,618.20	52-wk high	59,332.43
High	55,701.27	Prev close	56,279.05	52-wk low	30,792.74

What does all this mean? Who knows? We face uncertainty. But what I think we can say fr sure is that this forecast, [made by the Office for Budget Responsibility yesterday](#), is wrong:

Chart 2.9: CPI inflation

Note: The fan chart assumes that past forecast errors are representative of future errors, and does not take into account the current level of uncertainty. Successive pairs of lighter-shaded areas around our central forecast represent 20 per cent probability bands.
Source: ONS, OBR

The idea that we will get flat line, 2% inflartion for four years from 2027 is absurd, and that would have been true without this war.

It is as absurd that we would get this growth pattern:

Chart 2.8: Real GDP growth

Note: The fan chart assumes that past forecast errors are representative of future errors, and does not take into account the current level of uncertainty. Successive pairs of lighter-shaded areas around our central forecast represent 20 per cent probability bands. The fan is

Yes, that is flat line 2% growth as well.

This was a day when fantasy met reality. The Office for Budget Responsibility's absurd claims came up hard against the reality of Zionist-inspired aggression and lost heavily.

So will we. Have no doubt about it. This ware is going to be very costly. Neoliberals are out of ideas. War is one of the few things they have left that they can imagine doing to sustain themselves in power. We will all pay a very heavy price for that.