A touch of realism is required

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According to Pakistan, the US and Iran are close to signing a Memorandum of Understanding about peace talks to resolve the war in the Gulf.

I emphasise the word “close”.

I also emphasise that this is not a peace agreement. Whatever is said, Memoranda of Understanding are not used to conclude negotiations, but are instead used to record ways in which they might progress.

The existence of such a Memorandum of Understanding is, then, welcome, if it were to happen.

There is, however, a key point to note. Israel is not noted as a party to this supposed Memorandum of Understanding. How, in that case, any understanding will proceed to a conclusion is hard to understand when Iran has persistently made it clear that there must be a cessation of hostilities in Lebanon, as well as around the Gulf.

Let us also not forget that we are talking about a commitment from President Donald Trump here, and evidence suggests that these are worthless. Just ask the investors in his cryptocurrency enterprises about that.

So, whilst I welcome this move, because all conflict is eventually ended by peace talks, let me caution against any degree of celebration. Even if a little more oil flows as a result of this deal, we cannot be sure for how long, or how sustainable this situation might be, or whether supply chain disruptions remain avoidable. It was, after all, supply chain disruptions after the Covid reopening that caused the economic problems in 2021, just as supply chain disruptions continued for nine years after World War II.

I could be entirely wrong, but as yet I doubt whether this Memorandum of Understanding changes a great deal in my suggested trajectory for the economy over the remainder of the year. Oil and gas will remain in short supply; other shortages will unfold. Price disruption will follow. Genuine hardship is on the cards for many in the UK, although the worst may be elsewhere.

And still, politicians are not talking about this, so preparations are not being made. Neoliberals remain in denial of the greatest threat to their existence, which will be the failure of all the promises they made.

I’m not being a pessimist. I just think a touch of realism is required.