

Something will break, and soon

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Yesterday began with the [surreal macroeconomic forecast](#) that underpinned the Institute for Fiscal Studies' Green Budget, which effectively ignored the risk of an AI collapse, climate change and the ongoing war in the Gulf to produce financial projections that showed very modest growth in the UK, but no apparent risk of financial crisis, even though it is clear that the Bank of England has that prospect on its radar.

In economic terms, the day became more surreal with the award of the so-called Nobel Prize for 2026 to Robert E. Hall and Michael Woodford for supposedly explaining how household and business decisions shape economic fluctuations, and how policy can stabilise them. The reality is that these two have been given the prize for their work in developing the dynamic stochastic general equilibrium models used by economists in central banks to supposedly forecast economic activity in ways that take no account of the existence of money, and which assume that microeconomic theory provides an accurate basis on which to build macroeconomic theory, for which no evidence exists whatsoever. In other words, they were given this prize for perpetuating the myth of central bank independence, along with a heavy dose of reward for fantasy economics tied to the myth that government should be run like a household.

After that, world events, including the absence of any evidence of a ceasefire in Ukraine, as Donald Trump had announced, or any progress in resolving disputes in Iran and Yemen, made clear how naive the IFS economic forecasts are.

Then, the International Monetary Fund almost exactly replicated the IFS forecast for growth in the UK in 2027, whilst simultaneously demanding government spending cuts, because it has now returned to Washington Consensus thinking and is demanding austerity in the face of need, placing greater priority on supposedly balanced budgets instead of the interests of people, while simultaneously suggesting that the AI risk was very high and that the chance of a global economic downturn as a consequence was real.

If there was a word for the day, it was discombobulation. The disconnect between forecasts, their assumptions and reality appeared almost complete, except in the IMF

forecast of an AI crash.

The inappropriateness of awarding the so-called Nobel Prize to people who have created a model that has been responsible for so much harm through the imposition of penal interest rates and austerity, together with unemployment, as a consequence of central bank independence modelling, appeared to reflect a total lack of understanding of the needs of the world in which we live.

World events made clear how wildly divergent economists' forecasts are becoming from reality, which was ironic when one of the Nobel Prize winners received their award for work that supposedly stressed the importance of realistic expectations.

After all these disconnects, I watched the evening news. That was as surreal.

Andy Burnham was hyping the security risk of the supposed attack on RAF Fairford, which appeared to involve nothing more than a tank of petrol.

The UK's minister responsible for cyber defence assured us all that, at some point, the UK's systems intended to prevent such attacks will inevitably be breached, without explaining why.

Meanwhile, Shabana Mahmood, the Home Secretary, was ratcheting up the security fears in the House of Commons.

The messaging, faithfully elaborated and broadcast by the BBC and others, had one clear purpose, which was to tell us to be afraid.

Stand back for a moment, and the underpinning for all this was the desire to frame the Budget so that the whole emphasis might be upon defence spending, and rewarding the military-industrial complex for its continuing failure to provide us with any form of realistic mechanisms to prevent attacks, as events in Saudi Arabia make very clear, whilst denying us what we need.

If you're ill, go on a waiting list.

If you're having a child, take all the risks that now exist because of massive underfunding and mismanagement in NHS maternity services.

If you have a child with special educational needs, the problem is yours to manage alone for as long as possible, because the government has decided it cannot afford to tackle the real problems arising from neoliberal rejection of all those who do not fit inside its desired stereotypical norm of a human being who represents an economically efficient input into its production process.

I wondered why I was so tired last night, and I was. It did not take me long to realise that the difficulty of managing all these conflicting messages, and the incoherence of so

many of them, was what was fatiguing me.

I do seriously wonder how long this level of incompetence can be maintained.

My quite reasonable fear is that something will break, and soon.