

Trust in the establishment? We dont believe you...

One of the big themes of my book is the breakdown in trust in Establishment forecasts, remedies and ability to even identify what people think the problems are. In a healthy democracy there are always sceptics, campaigners trying to change the agenda, and differences of expert opinion. In recent years there has been a bigger reduction in trust in establishment analysis and priorities, allied to more concerted attempts by the establishment to crowd out any alternative narrative or policy approach. They have got better at spinning as they have got worse at managing.

In the area I know best, economic forecasts and policy making, the banking crash and its aftermath was a major knock to confidence in official forecasts and their ability to make policy for prosperity. The widespread adoption of austerity policies, especially the extreme ones in the Euro area, added to the disillusion. It is true that the UK Treasury and Bank had a very disappointing record prior to the Great Recession, but that for many was the final straw.

Most of my adult life I have been a critic of successive Treasury policies by the changing governments who usually perish through economic incompetence. In the 1970s I was urging more prudent policies on spending and borrowing, only to see Labour humiliate our country by having to go for a bail out at the IMF and bring on a nasty recession.

In the 1980s I successfully battled against submitting the UK to the boom bust torture of the European Exchange Rate Mechanism, only to lose the battle at the end of the decade. The scheme did even more damage than I imagined, plunged us into recession and threw the Conservative party out of office for 13 years as a result.

In the period from 2005 I was one of many warning of excessive debt and credit building in the system. After 2007 I was a lonely voice urging a less severe approach to sorting out the banking system, watching the authorities break some banks and trigger another large recession. That threw Labour out of office. Today I remain a critic of the over tight money policy and the damaging tax policy of the current government, which is slowing growth too much.

The Referendum campaign was another major blow to expert opinion and trust in government financial institutions. Their stupid pessimism for the economy if we dared to vote to leave the EU was soon disproved by events. It confirmed critics in thinking official forecasts are politically rigged to suit the establishment.