

Dixons says its profits fall is the fault of government...

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It's been an article of faith for right wing economists that the private sector is constrained by government. The only reason it cannot flourish, they have argued, is that it is priced out by an inefficient state sector. Just cut that state sector activity, they say, and watch the private sector rush in to fill the space, and flourish. That will, they argue lead to unrestrained growth.

Osborne buys the argument hook, line and sinker. It's the gamble he's staking our well being on.

Some of us have said, loud and long, that this is - shall we be polite? - pure bunkum? In a recessionary environment (and we're in one) by definition there is masses of space already available for the private sector to do whatever they want - there are cheaply priced resources going spare all over the economy. There's nothing holding them back - least of all government. Indeed, we / I argue, that it's government spending that keeps companies going in this situation when they themselves clearly have no clue what they want to do because they seem incapable of generating demand for the goods and services they supply which must, as a result, not be meeting market need.

And who is being proven right? Well, not the right - as today's announcement from Dixons - long a bastion of the CBI with its clarion calls for government cuts ringing out frequently over the economy - proves. [As the Guardian reports:](#)

The boss of electricals group Dixons said that government cuts were having a "chilling effect" on consumers as wilting high street demand for flatscreen TVs, sofas, jewellery and even takeaway pizzas pointed to deteriorating confidence.

John Browett said public sector workers were sitting on their hands as they waited to learn if they would keep their job. "There has been a bit of a pause in the market which we think is the result of the way people are reacting to the government cutbacks," he said. "At the moment many government employees are in consultation and this is having a chilling effect on expenditure on bigger items."

So government cuts cause business to retreat - just the inevitable consequence Keynesian economics predicts. And that's exactly why the CBI was so stupid to demand them. And why Osborne is so stupid to do them.

But on he goes, destroying the economy in his wake, safe that his own future will be secure, and as a good neoliberal, what else matters?