

There's nothing the Tories are doing that can work

Published: January 13, 2026, 1:15 am

The unemployment figures yesterday appear to be nothing out of the ordinary. By that I mean there was no dramatic increase, and Osborne could even claim some new jobs had been created.

But that would be to misrepresent what appears to really be going on. The long term claimant count is steadily rising now. Whilst it is true that the total number of unemployed is not rising as fast, that is misleading. There are, approximately, one million people who are unemployed but who do not claim related benefits, for all sorts of reasons. These people are much more likely to take part-time, temporary, and low paid employment than those who are in the long-term claimant count. That is because the reason they are unable to claim benefits is because they are already living, in most cases, in households where there is a source of income. Therefore any additional and quite possibly part time income is likely to be much more attractive to these people than to those who are looking for a main income stream. And it is these part-time, temporary, and flexible jobs that are being created whilst long-term committed, well paid employment is being lost.

As David Blanchflower pointed out in a telling analysis in the New Statesman yesterday, this is reflected in the fact that there are vast numbers of working hours being lost in the UK economy even though the number of jobs appears to be relatively static. We are seeing a dramatic shift from full-time to part-time work, from high productivity work to low productivity work, and from, as a consequence, well-paid employment to marginal, low paid activity. To put it another way, as the true claimant count shows, the prospects of getting a job that are sufficient to sustain someone and their family in a reasonable standard of living are becoming remote for many.

This blunt statement of fact, because fact it is, is of enormous significance. The entire welfare programme of this government is predicated on the possibility of a person securing full-time, sustainable employment that will keep them and their family off benefits. Those jobs are not available.

And the entire thesis upon which the austerity programme of this government has been

built is that as the government gets rid of full-time, reasonably paid, secure employment the private sector will be rushing to create equivalent jobs and more besides, which will deliver economic growth, long-term prosperity and a boom time for all, crushing unemployment on the way. But as Larry Elliott points out in the Guardian this morning, that is also utterly untrue. Those jobs are not being created. The rising benefit claimant's count is clear indication of that and also of the fact that it's not just the state that's shedding these jobs, the private sector is too. The private sector is doing nothing to take up the slack in other words. It is feeling defeated by the economic environment in which we are living and it is now clear that there is no prospect of change. Worse than that, as this becomes apparent, the private sector is likely to shed more jobs because they now realise that there is no prospect of a change in economic outlook.

That now means that the two fundamental assumptions underpinning government policy have both failed.

There is no prospect of the private sector employment compensating for public sector retrenchment.

In addition there is no prospect of saving the cost of benefits by encouraging people back into work when there is none to be had.

In that case, George Osborne's plans, and those of this coalition government, will fail. This presents two possible scenarios. The first is that the government will have to change plan, and that of course is possible, although the electorate almost invariably loses confidence in a government does a significant U-turn. The second possibility is that the government will not change its plans and we will face the most almighty recession, and significant poverty.

Of the options, I prefer the first. Of the two I think the second much more likely. It's another reason why I'm worried.