

The government is crushing the economy so it does not h...

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The UK's right wing press has been 'over the moon' because the government [has finally balanced its current budget this year](#), meaning that borrowing is only being used to finance investment.

There are two problems with this though. The first is it has only happened at cost to the millions of people in the UK who are now considerably worse off than they need be, some of whom have been pushed into serious poverty as a result, including many families with children.

The second fact is that this austerity has left us ill-equipped to deal with the future. We are a nation with low stocks of physical, intellectual and human capital because investment has been so low in both the state and private sectors; both being the result of a crushing of demand from the state sector.

Third, we are not making the transition that is needed to a low carbon economy that meets the needs of our ageing and changing population as a result.

Fourth, With further austerity planned, and a [massive round of further cuts in benefits just about to be introduced](#), those in precarious situations are about to get more vulnerable still.

Fifth, all of this is before Brexit.

What we have seen, and are seeing is the madness of an economic philosophy that says that government expenditure (G) must equal tax income (T) when in practice we know that as borrower of last resort the government has to take any savings offered to it. These savings are often called government debt, but that's only because any deposit taker owes the funds they hold back to those who have placed them with them for safe custody. To eliminate these borrowings the government has than had to shrink the economy to ensure excess funds are not sent its way.

This is, and has always been, the economics of the mad house. Rather than accept that the short term consequence of any growth in an environment of uncertainty (as we

have) is more saving, which the government has a duty to absorb and which it could do at present at no net cost at all because real interest rates are so low, the government has instead crushed growth and so any prospect of improved well-being for most people in this country out of the system.

And that's what it seems to want to continue to do, with the right wing press making that one of the centre pieces of its demands. As economic narratives go this one is crushing, quite literally.