

Rachel Reeves' crass claims on growth

Published: January 12, 2026, 9:07 pm

Rachel Reeves [has said in the Daily Mail today](#) that:

Economic growth only comes from businesses: big, medium and small. Government's role is to give them the stability they need to invest and to remove the barriers to make it harder to do business. That's the model to grow the economy I believe in – and it's the only one that works.

I seriously doubt that Milton Friedman, in one of his most deluded moments, would have said anything so stupid.

The presumption is that the following can add no value to the economy if provided by the state:

- * Education
- * Healthcare
- * Social care
- * Social housing
- * Public transport
- * Energy supply
- * Essential services
- * Public utilities - like water, which are state-controlled in Wales and Scotland
- * The justice system

As a result, and assuming growth is what we still want on a finite planet where its pursuit has created the climate crisis, then none of these things are worth investing in, according to Rachel Reeves.

Nor, very obviously, should the state invest in the Green New Deal. That would, very

obviously given her opinion, be dead money.

And you can easily see why Wes Streeting sees it as his job to privatise the NHS - because, quite bizarrely, only then will it add value.

Meanwhile, the millions of people who actually supply these immensely valuable services - and others - for the state, which underpin our prosperity and society - will feel utterly disenchanted at knowing their prospective new boss thinks them to all be a drain on society and that the best thing they can do is quit and join the private sector.

I think Labour will have a severe retention problem with staff if anyone says anything quite so stupid again.

Meanwhile, let's recall that GDP, or our national income, is made up of a formula that is written as:

$$Y = C + G + I + (X-M)$$

Where:

$$Y = \text{GDP}$$

C = End consumption of goods and services

G = Government spending excluding transfer payments like benefits and pensions which are reflected in C

I = Investment

X = Exports

M = Imports

So, if Rachel Reeves knew anything about the most basic economics, she would know that her claim is both crass and wrong.

We have to conclude that she does not know the most basic thing about economics, which is worrying and justifies everything I have to say about Labour's economics policy on this blog.