

Funding the Future

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Rachel Reeves thinks people want deregulation, growth and big infrastructure from government, She's wrong. They want government that works, better jobs and lower interest rates.

https://www.youtube.com/watch?v=VVN_5hISUMU&si=Mo44Gddzs0t_rhOL

This is the audio version:

https://www.podbean.com/player-v2/?i=rgn53-17d6809-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=c73a3a&font-color=&logo_link=episode_page&btn-skin=ff6d00

This is the transcript:

People do not want what the government is trying to offer when it comes to the economy.

The evidence is clear. Rachel Reeves is going to talk today about how she's going to unshackle the UK economy and deliver growth, and much of her thinking will be based upon the idea of letting businesses have looser regulations so that they can grow faster, and by spending more money on big infrastructure projects like an extra runway at Heathrow when that is not what the people of the UK want.

Now, I'm a big believer that people actually know the truth when it comes to economics. My friend Danny Blanchflower, based in the USA and a former member of the Bank of England Monetary Policy Committee, calls this the economics of walking

about. If you ask ordinary people, that's you - and that is, to some extent, me, although I have a little more economics education than average - if you ask ordinary people what they really want from the economy, they give answers that are more accurate than politicians and many economic experts do.

Why's that? Simply, it's because they are more in touch with reality. Economic experts deal in economic models, and they really are out of touch with reality. We won't discuss that here; it's the subject for another video to come, but economics as a theory and the real world almost do not overlap with each other.

Politicians believe what they want to believe, and they try out their own ideas in focus groups and, by and large, get reassurance that what they think is right.

But when you go and look at what an opinion pollster gets back from the public when they ask questions, they tend to come up with ideas which are very much closer to those that I happen to think the public want.

I really do believe, based upon the conversations I have with ordinary people, from Chris, my barber onwards - and I think I'll give him an honourable mention - those people who I talk to, and plenty of others who pollsters talk to, have to deal with the economy on a day-to-day basis. Politicians and economists are, to a very large degree, removed from it.

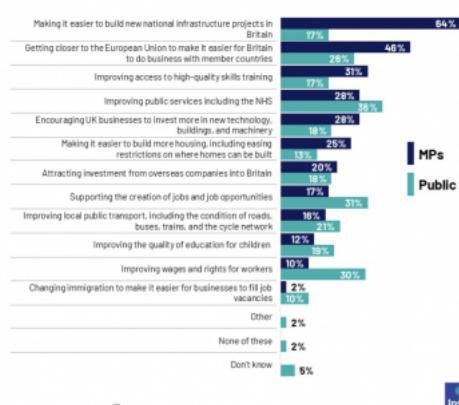
And this is evident in an opinion poll that has come out in the last week from Ipsos Mori, the pollsters. Now, admittedly, the questions and answers were posed later last year and not in January this year, but I don't think that has a significant impact on the massive difference in perception between ordinary people and politicians on what is really required now to improve the UK's economy.

Look at the data that we're now putting on the screen, and I know it's a bit small, but I'm going to talk through it, so we're going to leave it there for a moment.

MPs and the public differ on what would make the biggest improvements to Britain's economic growth over the next five years.

MPs prioritise new infrastructure projects and trade with EU, while the public focus more on public services, more job opportunities and better wages/workers' rights

Which two or three options on this list do you think would make the biggest improvement to Britain's economic growth over the next five years? Please select up to three.



If you look at that screen, politicians, or at least 64 per cent of politicians, think that the

way to solve the problems in the UK economy is by building big new infrastructure projects like a new runway at Heathrow. That's despite the fact that they have, of course, just abandoned HS2. That's why, interestingly, only 17 per cent of the public seem to share the opinion of MPs on this.

In contrast, what the public think would do most to create a better economy is to improve the quality of services in the NHS. 36 per cent of people think that, but only 28 per cent of politicians do.

Instead, politicians think that getting closer to the EU is very important. 46 per cent think that. But only 26 per cent of the public do. So again, there's a massive disparity.

What else is there a massive disparity on? Well, MPs don't put much emphasis on creating jobs or opportunities, but the public most definitely do. Almost twice as many of the public think that that is important than do MPs.

And when it comes to actually simply putting money in people's pockets, 30 per cent of people think that improving the wages and rights of people of workers is really important if we're to boost the economy, and I'm sure they're right, and only 10 per cent of MPs did. We are seeing very marked differences of view as a consequence.

I think the MPs have this wrong. They're looking, as ever, at the vanity projects that they can wave before the electorate when what people really want are quite small things that make a very big difference to their own well-being. That includes most particularly, better pay, better conditions, better jobs, more opportunities, and so on.

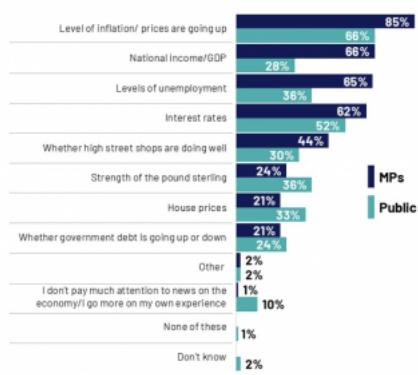
The disparity is also seen when we talk about what are the key economic indicators that people look at and what they are, therefore, most concerned about.

When we look at MPs - and we've got a chart on the screen again - the level of inflation is what worries them most. 85 per cent look at that above all else.

The level of inflation is the key economic indicator for both MPs and the public

Which of these specific types of information, if any, most influence your view of how the economy is doing?

Please select all that apply.



Base: 1073 Online British adults aged 16-75, 1-5 November 2023
Date: 1000 MPs, 22nd July - 30th September 2024
Ipsos MP's on the public policy January 2021 Public

Now, I'm not saying the public doesn't worry about that; 66 per cent of the public does.

But it is not as important to the public as it is to MPs.

Growth, and national income, which Labour MPs are obsessed by, is only of concern to 28 per cent of people in the economy as a whole, whereas it's 68 per cent of politicians who think that's the key driver of change. I think the politicians are wrong.

The level of unemployment worries MPs more than it does the public. Again, I'm not particularly surprised by that. People don't tend to worry about unemployment, unless they feel they're at risk of it or actually are unemployed.

But something that does interest me is that MPs think that interest rates matter in 62 per cent of cases, but in practice, the public thinks they matter in 52 per cent of cases, which is actually the second most important issue for the public of all. This is much more important than things like national income or the level of unemployment to the public. This is what they're really worried about and that's really interesting.

The public is also really worried about the value of sterling, although I have to say I am really not quite sure why. I think that's based upon misunderstanding.

But house prices definitely do matter to the public, and again, they don't seem to matter very much to MPs. Is that because MPs are all rather comfortable because they've got one and maybe two houses that they're sitting on? Whereas, of course, members of the public know how difficult it is either for them to afford their houses, or for their children to buy houses. There is a different perception.

But the one thing that it does seem that both MPs and the public are agreed upon is that the level of public debt is not very significant when it comes to our economic future. 21 per cent of MPs are worried about it, and only 24 per cent of the public. It's way down the list of concerns. In fact, of the questions that were asked, this is the bottom amongst the public. They don't care, because perhaps they understand that owning the public debt is owning a part of private wealth, and that must be a good thing. They aren't worried about this.

But there's another chart that I want to show you, which Ipsos Mori put out. And it's this one, that's on the screen now.

Some similarities in priorities for growth between Labour and Conservative MPs and their voters, but differences too – especially over need to make it easier to build new national infrastructure projects

Which two or three options on this list do you think would make the biggest improvement to Britain's economic growth over the next five years? Top four answers

Labour MPs	Labour 2024 voters	Conservative MPs	Conservative 2024 voters
Making it easier to build new national infrastructure projects in Britain e.g. transport projects, renewable energy and digital infrastructure	Improving public services inc. the NHS	Encouraging UK businesses to invest more in new technology, buildings, and machinery	Supporting the creation of jobs and job opportunities
Getting closer to the EU to make it easier for GB to do business with member countries	Improving wages and rights for workers	Improving access to high-quality skills training	Improving public services inc. the NHS
Improving public services inc. the NHS	Getting closer to the EU to make it easier for GB to do business with member countries	Making it easier to build new national infrastructure projects in Britain e.g. transport projects, renewable energy and digital infrastructure	Encouraging UK businesses to invest more in new technology, buildings, and machinery
Making it easier to build more housing including easing restrictions on where homes can be built	Supporting the creation of jobs and job opportunities	Attracting investment from overseas companies into Britain	Attracting investment from overseas companies into Britain

Base: 1070 United Britain adults aged 16-75, 1-8 November 2024, including 96 Conservative and 81 Labour 2024 voters.

Base: 1801 MPs, 22 July - 29 September 2024, including 21 Conservative MPs and 172 Labour MPs. Caution very small base, see notes on interpretation.

This one is quite interesting, because what it shows is the difference between Labour MPs and Labour voters, and Conservative MPs and Conservative voters, and the one I'm probably more concerned about is the Labour column, but we will look at the Conservative one, because they are the official opposition.

Labour MPs have very different priorities from Labour voters, which is incredibly important at this moment.

Labour MPs think it is much more important to build new national infrastructure projects than Labour voters do, who don't make it a priority at all.

Getting closer to the EU matters to Labour MPs. But Labour voters put it third.

Labour voters put improving public services, including the NHS, as top of their list of priorities, as I would, and as I believe people really are doing. But according to Labour MPs, that's only third in their list of priorities.

Whilst improving the wages and rights for workers is second in the list of priorities for Labour voters, it doesn't appear at all amongst the highest priorities of Labour MPs.

The same is true also of supporting the creation of jobs and opportunities. Labour voters think that's really important; Labour MPs don't.

And this is quite significant because if you look at the priorities of Labour voters, they are Labour priorities. These are the things that people vote Labour for. It's what the party should be all about. And yet, this is not what Labour MPs are prioritising.

Let's look briefly at the Tories. The Tory MPs want to encourage more investment in business, which only comes third on the list for Tory voters.

They want to improve access to high-quality skills training as their second priority, and that appears nowhere in the list of priorities of Tory voters.

They want to make it easier to build infrastructure projects. And again, this appears nowhere in the list of priorities for Tory voters.

And they want to attract investment from overseas companies as their fourth priority, which does, in this case, happen to be the fourth priority of Tory voters, who do, however, put the creation of new jobs and opportunities as their top priority, which is only fourth priority for Labour voters.

And improving public services is their second priority, which is top priority for Labour voters.

In fact, what we see here is a remarkable similarity in some ways between Tory and Labour voters. What they want most of all are better public services, and more jobs,

and better jobs, and better paid jobs.

That is what the people of this country want. It's the sort of thing that government could and should provide. It is possible to do this. The government can, of course, create jobs. It can spend to create those jobs. It has pushed up the minimum wage, which is great, but it's not doing anything for people above that when it comes to pay. And all of these things are failures by a Labour government to act on behalf of the people of this country in a way that the people of this country want.

I genuinely believe that these are the priorities of people in the UK.

They want bigger government.

They want it to deliver better services.

They know that is what is going to actually help them meet their needs for education, for health care, for social care, for better social housing, for green energy, and good transport, and justice, and so on.

And that's what we need, what they make their priority.

And they know that delivering those things will create the long-term secure job opportunities that people really want if they're to be able to afford to live in the UK with some degree of comfort.

They're being denied those opportunities by politicians who don't understand what the public want, who still want vanity projects which the public are not interested in having, and who are more interested in things like getting closer to the EU than the nitty gritty of on the ground reality for people in the UK.

The politicians of the UK need to wake up and smell the coffee. They're not delivering what people in this country want. But it's time that they did. And it's time that they did a bit more walking about and listening to what the people of this country really want. Because that's what I do, that's probably what you do, and that's why you know these people are out of touch.