

Funding the Future

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The government says it must balance its books and benefits cost too much, so they must be cut. Nothing could be further from the truth.

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This is the transcript:

Do we need benefit cuts?

According to Keir Starmer, we do.

According to Rachel Reeves, her books might not balance next year.

As a consequence, she's trying to find £5 billion of cuts from the benefits budget because that's where she thinks there's the greatest excess in government spending that needs to go in order for, as I say, her books to balance.

But is that necessary? Well, I'll put forward a straightforward answer to that, which is, of course it is not. I think that the benefit cuts that the government is promoting are highly abusive, and what is more, they are completely unnecessary.

Now, there are a number of reasons for that.

The abuse comes from the fact that the government is picking on the most vulnerable people in society - those who are long-term sick, unable to work in many cases, or if they can work, can only work in a reduced manner - to pick up the biggest hit with regard to the cuts that are to be imposed upon our society when other options are available. By my definition, that straightforward callousness.

Now, the government won't agree with that, of course, but I'm entitled to my opinion that if you pick on the vulnerable when there are other options, you're just being a bully. And I see Keir Starmer, Rachel Reeves, Liz Kendall - the Secretary of State, responsible for these cuts - I see all of them as bullies.

When we talk about why it's unnecessary, let's be clear.

First of all, we don't need cuts. There is no reason for the government to balance its books. The idea that book balancing is a necessary part of government is just a myth. It's a fictional creation put forward by neoliberal economists who want to shrink the size of the government.

They hate government. The whole ethos of neoliberal thinking is that:

- * The market is always right
- * The government is always wrong
- * You can always spend more effectively by exercising your choice in the marketplace than the government can by deciding where money should be allocated.

And as a consequence, they argue that every form of cut to government spending must be of net benefit to society at large.

And that's complete nonsense because it assumes that everyone has access to the market.

The whole point of benefits is to support the most vulnerable members of our society, and we pay them because we create a social safety net to ensure that everyone can be included in the benefits of living in this country in a way that they will not suffer from exclusion when the market fails to provide them with an income - a point that neoliberal economists never think about because they presume that markets are perfect and therefore everyone will have the income that they need. But where markets fail to provide people with an income, then benefits make good the deficit.

But if you're a pure neoliberal, you don't believe that is really necessary. You believe, as it is very clear that Starmer and Reeves and Kendall do, that those who are out of work are skiving, in essence.

Maybe they've never met a person with a disability.

Maybe they've never met a person with mental ill health.

Maybe they've never met a person with autism so severe that they really can't function inside a normal workplace, and jobs aren't available for them.

Maybe they just don't understand.

But I find that very hard to believe because there are simply too many people with disabilities in our communities for them not to know about them.

There are too many people suffering ill health, including mental ill health, for them not to know about them. They must come across these people, for example, in their MP surgeries, and so their actions are almost inexplicable.

And at the same time, I know that there are other options available to them if they really insist - although I don't agree that they'd need to - they must balance the books.

For example, the cuts that they plan will, it is said, save £5 billion a year.

Let's put that in context. The UK government will next year spend at least £1,300 billion, and so £5 billion is just neither here nor there in the total scheme of things when it comes to government spending, under a half a per cent of total government spending is what we're talking about, to impose this cruelty on upon people.

But if you did need another £5 billion, there are ample ways to find it.

For example, the government could tell the Bank of England to cut the interest rate that it charges at base rate, and if it did, it would save well over £7 billion a year on its interest cost. It's entirely within its right to do that.

It could equalize the tax rate on capital gains and income in the UK and raise more than £5 billion a year as a consequence. In fact, somewhat more than that sum.

It could charge national insurance on all earned income in the UK at the same rate instead of cutting it down from 8% to 2%, as happens now when a person goes above about £50,000 a year in income. By doing so, we could raise well over the sum required, and we would have a fairer society.

As a consequence, these and many other options are available, including one which I'd rather like in this situation, which is charging VAT on financial services, which currently are exempt. And remember, the only people who buy financial services are the wealthy because, let's be blunt, those without money don't need to buy financial services. That could raise over £8 billion a year - more than enough, of course, to cover this cost. But we don't want to punish the rich, do we?

And that is the whole problem that I'm looking at here.

We have a government that is deliberately not taxing the wealthy.

I'm not talking about a wealth tax. I'm simply talking about increasing some of the taxes that are most likely to be paid by the wealthy to ensure that the most vulnerable members of our community get the support they need.

I could easily achieve that goal. It is so straightforward. I explain how in the Taxing Wealth report. There are, in fact, nearly 30 recommendations to achieve that outcome in that report, all of which are technically possible, and all of which I have tested and all of which I have costed. The point is, therefore, that the government does not need to do this.

So why is it doing so?

Does it want to increase poverty?

Does it want to increase inequality?

Does it want to actually cut our national income because take £5 billion out of the money available to people who are on low incomes, and that amount of spending will automatically disappear from the economy, in other words, harming Labour's growth agenda as a consequence, which makes no sense at all.

Does it want to increase the climate of fear in which people live? Because let's be clear about it there, but for the grace of God go many of us when it comes to disability.

We do not know whether we might get cancer and need support as a consequence.

We do not know when or if we might get mental ill health, and one in four of us will at some time in our life suffer serious mental ill health.

We do not know when such things might happen.

We could simply suffer an accident and, therefore, be unable to work in the same way that we once did and require support.

But all of these things are being ignored by Labour, and yet they do increase, as I say, the climate to fear and the consequence is that we end up with a worse society.

And for Labour, that has a further knock-on consequence because the credibility of their MPs, who are all supposedly elected by a party that puts equality at the centre of its supposed thinking, is shattered by a change like this because you can't pick on those with disabilities and at the same time, support those with wealth with favourable tax regimes and claim that you are in favour of equality when very clearly you are

promoting inequality.

So, there are things that you could do about this.

You could, and I often suggest this, write to your MP. They do notice how much correspondence they get on every issue. They're easy to find. Just go onto the Parliament website and ask, who is your MP and they will give you all the contact details. You just put in your postcode to find them.

Write to your local newspaper.

Talk to your local radio station.

Take whatever actions you need to support people.

Share media that is critical of these cuts.

Share stories if you are one of those who benefits: anonymise it if necessary, but make sure that people know because that is vital.

There's a massive narrative going around, which I hear too much of, where it is said that those on benefits, and disability benefits in particular, are skivers and shirkers - something so heavily promoted by George Osborne a decade ago.

He'd obviously never met somebody who was ill.

He'd obviously never met somebody who needed financial support.

He'd obviously never met somebody who struggled to make ends meet because they were literally suffering the excess costs which disabilities normally impose upon people.

But, he created this narrative, this abusive narrative, which we hear around us.

Have the courage to speak out is what I suggest, because we need to on behalf of those of whom we might be one, one day, and we have no way of knowing.

My point is keep coming back here to get updates.

Subscribe if you are interested.

But more importantly, share material that is supporting those who need help.

And tell your Labour MPs, in particular, that what they're doing is wrong because that's essential if we are to change the way that they think about this critical issue, which is going to create so much unfairness in our society.