

Britain is not in the doghouse

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The Economist claims Britain is trapped in a “debt doom loop.” But they’re wrong. The UK does not face a government debt crisis. What we really face is chronic underinvestment, inequality, and an elite media pushing austerity to protect the wealthy. In this video, I explain why The Economist’s story is false, what they deliberately ignore, and what the UK really needs.

https://www.youtube.com/watch?v=myNUVF_KI7o?si=LMxYruEBNKTVegeG

This is the audio version:

https://www.podbean.com/player-v2/?i=f4xjq-1984cf7-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

]The Economist magazine [said recently](#) that Britain is in the doghouse. It was, of course, referring to an economic doghouse and nothing else. But the point was, it said that because of sticky inflation, high debt and low productivity, we were suffering what Ray Dalio, who is a hedge fund manager, calls a 'debt doom loop', and there is nothing, according to him and according to The Economist, that we can do about it.

In particular, they noted that government attempts to address this issue are failing, calling all its projects a sorry disappointment.

The fact is that just about everything The Economist, which is a noted right-wing, neoliberal journal, said was untrue. They ignored vast quantities of information, which was highly relevant to their analysis, but which, for their own convenience, they decided to leave by the wayside.

For example, they claimed that we are suffering from high debt, but they didn't explain that the UK's so-called national debt rose from 35% in 2007 to 95% now, because markets collapsed in 2008. That wasn't the government's fault; that was the bankers' fault.

And they also failed to notice that debt rose again because of the COVID crisis. That wasn't the government's fault. That was the fault of a worldwide problem caused by a virus. So none of that rise in debt was truly the government's responsibility.

The Economist also failed to notice that around a quarter of all UK government debt is owned by the government. So the true level of debt is not 95% of GDP, but something only a bit over 70% of GDP. But why let facts get in the way of a good story when you're trying to knock the country where your magazine is based?

There are lots of other things they ignored as well. For example, they ignored the fact that the UK issues its own currency, so it cannot run out of money, and yet they implied it could. They even drew a comparison with 1976 when the then UK Chancellor, Denis Healey - I remember him well - was forced to go to the International Monetary Fund and ask for a loan to deal with the UK's debts, which were then denominated in dollars.

The point is, we don't have a fixed exchange rate, as we did at that time, requiring us to find dollars to pay those debts - we have a floating exchange rate - and nor do we have any dollar debts. So yet again, The Economist chose its information incredibly selectively to support its argument, and frankly got all its facts wrong.

The UK's problem is not debt, and most certainly is not government debt, but chronic underinvestment by the government and potentially chronic levels of debt in the private sector, and particularly in households, which is a risk that could explode at some time.

Behind all this is a quite explicit political agenda from The Economist. They want pensions and welfare payments in the UK to be cut.

They claim that the current UK pension system is unaffordable. Apparently, asking people to live on less than £13,000 a year when the minimum wage is around £23,000 a year is an exorbitant expense that we cannot afford in this country. Literally what they're saying is, we cannot afford to keep old people alive. They are saying that we must cut this as a proportion of GDP, or else the country is going to fail.

Are they really, though, saying what we must do is cull old people? Because that's the

implication. If you don't pay people enough to live on, they won't turn their heating on. They won't be able to eat. They won't literally be able to buy the clothes, even to keep themselves warm, and they'll die. That's The Economist's real prescription.

And it's the same with the disability system. The Economist is claiming that the disability system in the UK is being gamed by people. It isn't. What The Economist is ignoring is the fact that there are very good systemic reasons for rising disability in this country.

Not only are people alienated by the neoliberal economy, which is, of course, what The Economist promotes, but they're also simply being alienated by a workplace; a workplace where AI is becoming predominant, where people who do not fit into the normal system are not recognised as being of worth, and people who have any form of health problem are thrown out of jobs as quickly as possible by employers who do not want to be responsible for the cost of engaging with such people.

There is prejudice behind the increase in disability claims in the UK; prejudice against people who do, in any sense, either have mental ill health, or physical ill health or some form of neurodivergency.

The fact is, the state is having to pick up a cost because the market - in the first sign that we're seeing of this - is refusing to employ people who are anything but cogs in the machine. And it is cogs in the machine that The Economist wants and not real, live people with all their variety. The problem is that The Economist is itself demanding uniformity when people are anything but uniform.

So what else do they talk about as a problem, which is putting us in the doghouse?

They claim that there is a problem with the discussion of wealth taxation in the UK. This, they say, is deterring investors in this country, including investors in UK government bonds, which is quite bizarre. There are two reasons why it's quite bizarre.

First of all, almost no individuals own government bonds, whether they are from the UK or abroad. So to suggest that there is a problem in the bond market because individuals might be put off by wealth taxes just makes no sense at all. There's a complete disconnect between these two issues, which The Economist apparently has not noticed or rather has glossed over to support its false case.

And secondly, the demand for government bonds is strong and continuing precisely because banks, life insurance companies, pension funds, and foreign governments, in particular, all want to own them. And there is no sign that anything is going to change with regard to that matter.

Therefore, to suggest that there is any link between wealth taxation and the demand for government bonds is quite absurd. What they're actually just trying to say is "Don't

increase wealth taxes", because they want to bias the system towards those with wealth and against everybody else. If The Economist is known for one thing, it's being unfair.

They are ignoring other things as well. They're ignoring what's really required in the UK economy.

They promote the idea of a balanced government budget when they've ignored the real duty of any government, which is to balance society.

They promote austerity whilst ignoring the needs of pensioners and the disabled.

They're silent on tax abuse, wealth hoarding, offshore tax activity and even rent extraction by, well, landlords and monopoly companies.

They're also, of course, silent on any additional wealth taxes.

All they want is an open political space, which would be the perfect opportunity for Farage and Reform UK to march into.

What we should be doing is facing our political crisis. This country is not in the doghouse economically.

It does not have a debt crisis, at least with regard to government debt. As I say, it might have with regard to private debt, but the government's debt is totally under control and affordable.

The real doom loop that we have is nothing to do with debt. It's all to do with inequality, underinvestment, and declining services.

What we actually need to do is tackle corporate tax abuse, in particular. Remember that 40% of all small company corporation tax in the UK is not paid at a cost of more than £14 billion a year.

And we need to tackle our economic system, which guarantees that the wealthy can extract value from our economy, at cost to all working people, whether that be by rent itself or by excessive pricing, whether that be for your mobile phone or your utility bills or water, or for train fares or whatever. All of this is what is forcing you into a situation where you have a cost-of-living crisis.

The job, of course, of the government would, in this case, be to defend people and not appease the bond markets. But of course, The Economist, which is a rich person's magazine, thinks the exact opposite.

So we are not in the doghouse, but we are trapped by the narratives created by the economic elite, represented by what The Economist has to say.

They are quite literally the problem. They are not the solution, and nor do they have anything useful to say about the solution. They believe in markets, but markets do not rule. Government does, and it should, and it could if only it chose to do so.

What is more, austerity promoted by The Economist magazine is not a viable political choice, nor is it an economic necessity. It is simply something imposed on people who are already suffering, while some live in affluence.

We need a politics of care, and we don't need fear of the bond markets.

\We don't need paranoia about debt.

We just need politicians who stand up and talk about the truth, which is that it is the wealthy who are creating most of the problems in this country, and The Economist talks for them, and that's why it is spreading deliberate misinformation.

What do you think? Do you think that we have a problem with the wealthy? Do you think we have a problem with government debt? Do you think we have a problem with private debt? Or do you think something else altogether?

There's a poll down below. Let us know, and let us have your comments because we do have a look at them, and they do influence the future production of videos on this channel. So thank you very much if you bother to take the time to tell us what you think.

Poll

[poll id="220"]

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