

What happens when £47 billion disappears from Britain?..

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Tory Shadow Chancellor Mel Stride wants to take £47 billion out of the UK economy — mostly by cutting benefits for migrants and those with mental ill health. That isn't prudence. It's managed decline.

In this video, I explain what really happens when you cut money from the poorest: demand collapses, jobs vanish, and resentment grows.

The truth is simple: spending creates income, and austerity destroys it.

I make no apology for this rant.

<https://www.youtube.com/watch?v=tFwmfxMP1hs?si=xMO4Y6jTKePl61XV>

This is the audio version:

https://www.podbean.com/player-v2/?i=nux3p-1986300-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:

What happens when £47 billion disappears from the UK economy? I ask the question because Mel Stride, the Shadow Chancellor of the Exchequer in the UK, is proposing that he would take £47 billion out of our economy, and he wants to do so in a number

of quite absurd ways.

He wants to take away benefits from those who have indefinite leave to remain in the UK because, as he well knows, most of those people he would be hitting are either Indian or Pakistani, and he's a racist, and he wants to promote this idea to appeal to a racist audience, which he believes is moving from the Tories to Reform.

He's also promoting this idea because he believes that those with mental illness are subhuman compared to the superhumans who populate the Conservative Party, and who he thinks will vote for it. And therefore he wants to take benefits away from those who are suffering with mental ill health to again, punish them for the fact that they simply aren't the white superhumans who he believes everyone should be.

But what are the consequences of taking £47 billion out of the economy? Because it's at this level that Mel Stride is also showing his absolute, outright stupidity, and I can't think of a better word to describe this than that.

If you take £47 billion out of the economy - whether it be over one year, five years, or whatever period he's talking about, and let's be honest, whatever number he comes up with is made up and probably inconsequential because the chance that Mel Stride will ever be in office ever again is pretty darn low - but whatever it is, the fact is that when you take money away from the poorest and most vulnerable people, they can't replace it by working.

They get that benefit because they can't work. They're not able to do so. They have a real need. It is incredibly difficult to get most of the benefits to which Mel Stride is now referring. You have to go through an enormous number of interviews, appeals, and everything else to be paid. And yet he thinks that somehow people are free-riding the system.

They aren't. They can't work. They won't work.

So the consequence of taking that money out of the economy is not that he's going to force people back into work, which they can't do, and for which there aren't employers who want these people anyway, it means that there will be meals not bought. There will be rent not paid. There won't be jobs created. The money will go.

And in fact, it's worse than just having the first order impact, of course, because if meals aren't bought and rent isn't paid and other goods and services aren't acquired, then the local economies of the UK will be hit because that's where people on benefits spend their money.

He might think that he's being oh so clever, following the household analogy and believing that just because he cuts the money out of his Treasury spreadsheet, it's gone for good and the problem is solved, but it isn't.

The fact is that when he cuts spending, it has knock-on multiplier effects.

It's not the City that will feel those multiplier effects. It's small towns.

People will not be spending money in local shops.

There won't be people who can afford to buy care.

There won't be money to pay for youth centres because there won't be people paying council tax.

Every £1 lost costs several more in local activity once you begin to cut benefits for the poorest.

The fact is, it is this multiplier effect that Mel Stride appears totally unable to understand, and he still hasn't understood after 14 years of Tory mismanagement that austerity isn't prudence, it's about managed decline, which is exactly why this country is in the mess that it is.

The reality is that state spending creates income and cuts destroy it.

Once you understand the local multiplier effect and that the poorest have the highest multiplier effect of all with regard to their income, because literally every penny they get in benefits is pumped straight into the economies where they live, then you begin to understand why austerity is madness. But Mel Stride is still planning to cut money from local communities all under the pretext of racism and his loathing for people with mental ill health, who he thinks are subhuman, as fascists do.

This is what I loathe about what he's saying, and I can't pretend otherwise. It is his contempt for human beings which motivates my dislike of this policy more than anything, even though it's economically illiterate.

If you want growth, you invest locally.

What are the consequences of what he's doing?

Incomes will fall.

Demand will collapse.

Businesses will close.

Jobs will go.

Local tax bases will be eroded, and perhaps most particularly because this is now of enormous consequence, resentment will grow, fueling further division in the UK and more support for Reform, the one thing that he claims he really wants to defeat, but

which he is deliberately, and apparently directly, trying to fuel.

If £47 billion can be removed from the UK economy, the fact is, if we understand economics, we also know that £47 billion can be added to the UK economy, because, of course, no government is constrained by its capacity to tax, which is why the cruelty that is promoting this cut is callous in the extreme.

But what this means is that other parties should be saying, "We won't follow the path down which the Tories are going."

We would expect Labour to say that, although of course they probably won't, because these days all they try to do is ape the far-right parties, whether they be Reform or Tory, and so they'll probably be offering this very soon.

But the fact is, other parties, those who have some sense left, whether they be the Greens, whether they be the SNP, whether they be Plaid Cymru or whoever it might be, they should be saying, "We are going to fund local councils and communities. We are not going to be racist about this. We are going to help people who can't work. The real issue isn't affordability. It's all about priorities, and the priority in this country is action to help those who need it and not to impose more austerity."

Mel Stride has got everything, and I mean everything wrong, including the fact that he's playing straight into the hands of Nigel Farage.

Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [here](#).

One word of warning, though: please ensure you have the correct MP. ChatGPT can get it wrong.

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