

Why did Britain stop making?

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For forty years we were told that Britain didn't need manufacturing — finance would make us rich. That experiment has failed. We import more than we export, our towns have been hollowed out, and our prosperity rests on hot money and property bubbles rather than productive capacity.

In this video, I explain why Britain's industrial collapse was a political choice, how Thatcherism destroyed long-term investment, why Labour still worships foreign takeovers, and why rebuilding national capability now requires deliberate government action.

We need regional public investment banks, a tax system that rewards real production, not speculation, and a new industrial strategy that blends modern manufacturing with care, education and innovation. This is about well-being, security, and the future of our democracy.

Do you think Britain should rebuild its industrial base? Join the discussion in the poll below.

<https://www.youtube.com/watch?v=mOqUoJ-NirM?si=obkqWA25qKJB-g67>

This is the audio version:

https://www.podbean.com/player-v2/?i=mmdn7-19cc823-pb&from=pb6admin&p;share=1&download=1&rtl=0&font=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

I was asked recently, "Why does the UK no longer seem to make things?" And it was a great question because it goes right to the heart of what we mean by growth. Can a country grow without manufacturing, was the subtext of the question that I was asked. I think that's fair because for 40 years we have been told that finance and services will make us rich, and the truth is that it has not worked.

We are still told by Rachel Reeves, for example, that the City of London represents the jewel in the crown of the UK economy, the driver of growth, the foundation of our wealth, the basis for our exports and prosperity for all.

We were told we could financially engineer and speculate whilst leaving others to do the manufacturing for us, but this is fantasy economics. It's money elevated over making, and like it or not, you cannot live off money. I don't recommend trying to eat it, not least because most of it's purely electronic and I'm darn sure that eating some microchips won't be good for you.

So the truth is that we are now a dependent economy as a consequence of this policy. Britain consumes more than it produces; this is a simple, straightforward statement of fact. We import more than we export. That's how we know that this is the case. Prosperity is now dependent more on property bubbles and hot money and on tax haven satellites that sustain an illusion of wealth flowing into this country than it does on industrial and national capacity, all of which have now been hollowed out.

Why does this matter? It matters because manufacturing is not about nostalgia. It creates skills. It creates design expertise. It creates innovation. It rewards those who partake in it because they get a sense of satisfaction out of having made something. I know that: it's why one of my hobbies involves literally making things from scratch, putting together something that works that didn't previously exist.

And manufacturing also creates apprenticeships; apprenticeships in real skills that are sustainable, and they provide stable work. This then strengthens local economies through multiplier effects, and that has social and political consequences.

We are dependent on imports, and that leads to a sense of a lack of ownership of who and what we are. Industrial decline has followed, and it has left hollowed-out towns right across the UK. That loss might not be captured in GDP, but it's visible on the streets of this country. And in turn, that has fed into the growth of the far right because there is despair in abandoned communities, and I understand that.

So we have to make choices. The government chose finance over industry in the 1980s. I remember Thatcher's arrival. I'm old enough to do so. I voted for the first time in a

general election in 1979, and we got Thatcher, and she set out to dismantle British industry. Unemployment went through the roof; it ran to millions because she destroyed factory after factory after factory, with the deliberate destruction of industry and the inflation of the value of the pound to suit the needs and greed of the wealthy, at cost to the real people of this country. Her mantra of let the market decide meant let the City decide and speculation replaced long-term investment.

Share buybacks replaced research, and bonuses replaced wages for working people. Finance dominated. We set banks to rule over the allocation of land within society, and that's how they thought they could make their money, and they ceased to fund innovation. Good ideas and talent were wasted. Manufacturers lacked patient long-term finance, and Labour now promotes foreign takeovers as investment, calling it foreign direct investment. But let's be clear, it's all about selling the family silver. Selling the future creates economic insecurity and not prosperity, as Labour would have it.

So, we need to rebuild, but that requires deliberate action. Just as the destruction of manufacturing was a deliberate choice by the government, so must the rebuilding of manufacturing capacity in this country be the consequence of deliberate government choice. We need public investment banks and not just little piffling ones, which is what we tend to end up with at present. I'm not condemning the development of such a bank in Scotland, or the new idea that there might be one in Manchester, and I'm not condemning the government schemes, but they are tiny in proportion to need.

We need real hardcore public investment banks of the sort that Germany has had for decades, and which have provided the basis for its industrial investment strategy.

These must be regional. That's important; there must be one for Scotland, there must be one for Wales. There are such structures in place, as well as in Northern Ireland, but they must also be regional within England itself, because there must be local decision-making on how these funds are directed into communities that need them.

And the tax system must be aligned with that goal. Tax systems must reward real investment and not extraction. So the idea that we have at present, which means that every business that, whatever it does, gets tax relief on all its so-called investments, is absurd. What we want instead is that there is a very strong incentive to invest in real productive capacity, and those who are investing in financial services, and in financial speculation, or gambling, or the destruction of our planet, should begin to see their capital investment programs phased back, because we want a deliberate industrial policy that promotes what is useful and not what is harmful. In this way, the state must become a partner to real industry and not a passive observer.

But, and I'm going to raise a very big but here because I think it's a good point to raise as well, and that is that not all growth is produced by making more goods, and that's critical to understand. There has to be a partnership. Care, teaching, healing, and research also create real value. These expand our collective capacity to live well just as

much as making things does. Neoliberalism might have called them costs and not investments, but the reality is the opposite. These things are about creating well-being, and the stress is on the word well. We do need them because without them, we cannot live well.

And there are genuine foundations of growth within our public sector already. Hospitals and universities are productive assets. They create knowledge and long-term capability. Real growth builds human and social capital, and that's what these places are about. They also support innovation within ecological limits, and that's fundamental to our future prosperity.

So right now, what must the state do? It needs to invest, it needs to coordinate, and it needs to plan.

We must rebuild energy and manufacturing capacity.

We must invest in care and education to support innovation.

We must invest in a green transition so that we can live within our planetary boundaries.

And we must reform finance so that it serves society and we do not serve it.

This means that we do not need to restore nostalgia for the old industrial Britain. The smoky chimneys, and steam engines, and all those things might be great for heritage railways and for that industry, but they aren't the basis on which we are going forward. That old style industry represents a myth in itself as much as a myth of the fact that finance could ever replace it. What we want is value that creates sustainable well-being, and that requires a new industrial strategy.

A new industrial strategy based upon combining modern skills, and care and innovation, with the capacity to make. And that is vital.

We've got those skills.

We've got that creativity.

I only have to look around me to realise that they exist. What we lack is the political imagination to put them together and the willingness of the government to invest in this process.

Manufacturing must return as part of a balanced economy. We need to rebuild social foundations on which all production depends, and growth must serve society, and not the other way round.

We could still have a new industrial age, but it's one that will respect limits, put people

at its epicentre and which will realise that meeting needs and not wants is the priority, and as a consequence, we will live better. Manufacturing has a core part to play in our future. Let's not pretend otherwise, and we've forgotten it for too long, and we must invest again.

What do you think? Do you think we should be investing in manufacturing? Do you think we need an industrial strategy? Do you think we need to target tax reliefs on real manufacturing and not on financial engineering? Do you believe people want to work in this way? Let us know.

There's a poll down below.

Poll

[poll id="259"]

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.

AI: How to use it as a campaigner

We have produced a guide on how to use AI as a campaigner, for which we're already getting good feedback. It's available [as a free download here](#). **Take a look. We think you'll find it useful.**

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