

Why Rachel Reeves just failed the British public

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Rachel Reeves' 2025 Budget has already collapsed under the weight of its own contradictions. In this video, I explain why tax rises on ordinary people, baseless growth forecasts, and a refusal to tax wealth fairly mean this Budget will fail — and fail fast. Neoliberalism promised growth. It has delivered stagnation and inequality. This is more Tory policy by another name.

<https://www.youtube.com/watch?v=xvdFsOT6WPk&si=xHZBy3lwYzN3L9i6>

This is the transcript:

As should probably be fairly obvious from the picture that you can now see in front of you. I am at this point in time standing right outside the BBC, having just finished broadcasting with Jeremy Vine, discussing Rachel Reeve's 2025 budget.

What have we got to say? It was a disaster. Let's not beat around the bush.

From the moment that the Office for Budget Responsibility leaked it, adding to all the mess and complete misplanning that preceded this budget, she had nothing left to say when she reached the Dispatch Box, and frankly, she could have skipped the whole thing.

She has promised tax increases of £26 billion and cost increases of £12 billion, all of that to achieve one goal, which is to increase her so-called fiscal headroom to keep the City of London happy. That borrowing is under control according to their logic.

None of this will, of course, work out as she says, because the assumptions underpinning the Office for Budget Responsibility's work are about as flawed as their IT

systems are when it comes to scheduling the release of publications. There is not going to be the economy that she's forecasting over the next five years. There will, for example, be a major crash in stock markets over that period, and there's nothing forecast for that in what she has to say.

What did she have to say? Fundamentally, she basically picked on ordinary working people to deliver this budget, and she totally ignored the demands of so many that wealth should make a greater contribution to this country's well-being.

I'm not saying we need a wealth tax; we don't. We do need, however, to ask the wealthy to pay more because they underpay tax at present.

A token gesture with regard to a mansion tax, which is going to raise maybe £400 million a year, is neither here nor there.

A minor change to dividend tax will do nothing of the sort, as I proposed of an investment income surcharge, which could have raised £18 billion a year, almost the total sum that she is talking about in extra tax revenue.

She didn't equalise capital gains tax and income tax, which would've raised £12 billion.

She didn't impose VAT on financial services that could have raised another £8 billion.

She could, in other words, have been vastly more generous to people, but she wasn't.

We do know that this mansion tax will not be matched by relief for those on benefits from paying council tax, meaning that the inequality in that system will remain.

We do know that more pensioners will now be paying significant amounts of tax as a consequence of the freezing of allowances for many years.

We do know that the number of people now paying at 40% will have increased from around 2 million in 2021 to something like four and a half to 5 million in 2031. That was Rishi Sunna's design. Let's be clear that's where this started, but Rachel Reeves has continued it, and that is perhaps a clear message from this budget. She has simply continued with Tory incompetence. What we are seeing is yet more of the same minor tinkering around the edges and growth is not being delivered as a result.

The claim of neoliberalism, anti-social economics, if you like, was that GDP growth would be the measure of success for the politicians who promoted the idea, and that was what the market sector would deliver.

But it clearly isn't delivering, and it's not because the state is too big; it's because the markets have no idea what to do with money. They're not putting it to good effect. They are not putting our savings to use for the benefit of society or anything else. Neoliberalism is not delivering growth as a consequence, and the result as a

consequence is that Rachel Reece is actually downgrading her forecast for growth in four out of five years to come, and that is the sure sign of failure of a government that said it was going to deliver both growth and better outcomes for people in this country when that is not going happen on the basis of what she is proposing now.

This budget was a disaster before she stood up; a disaster because of all the kite flying and all the leaks and everything else, which gave rise to her being admonished by the deputy speaker for nearly two minutes before she actually managed to get to the Dispatch Box herself, and then the OBR managed to destroy any illusion of control that she had because, as we discovered, we could actually sit down at one o'clock in Jeremy Vine's studio and discuss the budget for an hour waiting for her to announce things that we already knew about.

This, in a sense, is the end of budget speeches.

It's the end of Rachel Reeve's competence.

It's the end of the Labour government's competence.

It's the end of the narratives around antisocial neoliberalism because there's nothing left for it to do or say.

It's an end to the idea that governments that pursue those ideas can, in any shape or form, now deliver for the well-being of the people of this country. This myth is over. This budget is going to fail.

The question is, how long will it take to fail? And the devil is in the details, and I haven't read all of that as yet. But I suspect that there are plenty of details which are going to cause massive backlashes in what she had to say. And when that is understood by Labour MPs, I suspect they will be the people who will be bringing her down.

That could be sooner or later. My suspicion is they might wait until May to do that when they have disastrous election results. But her fate and that of Keir Starmer might arrive even sooner than she expects because so empty, so hollow, so visionless was what she had to say today, that anybody looking at what Labour is up to will realise this is a woman who does not know what she's doing.

And I'm not being misogynistic in pointing out she's a woman. She's very proud of the fact that she's the first female Chancellor, but she is as incompetent as many of those who went before her. George Osborne had his disasters. So did Philip Hammond. Kwasi Kwarteng was right up there in the scale of incompetence. And frankly, Reeves is not far behind now. Two budgets, two disasters. That's pretty poor going. I can't even say that of Osborne and Hammond.

This is a terrible day for the Labour Party.

It's a terrible day for the people of this country who need help and who need a radical transformation of our economy to ensure that we can be released to do what we can achieve in this country, which is a lot, but which this government will not be doing because of fear of the markets, it's petrified view of borrowing and the fear that they must balance the books on every occasion when that is unnecessary.

It is time for change, and that's the one thing that Labour promised and which it will not deliver.

Rachel Reeves is very unlikely to deliver a third budget, and I've got to say I will be delighted if she never does because this country cannot afford her.

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