Funding the Future

The dismal failure of Rachel Reeves

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As should be apparent to readers of this blog, I am no great fan of Rachael Reeves.

Chancellors are usually ranked on a scale, with a high point at 'indifferent' before reaching the depths of 'delivering positive harm'. Reeves most definitely heads towards the bottom end of that rating system, so dismally did she fail to grab the opportunities available to her because of her commitment to neoliberalism.

Despite that, as the FT notes this morning:

Rachel Reeves makes last-minute pitch for senior job under Andy Burnham

Chancellor will say in Mansion House speech on Tuesday that she has left the economy in a good state for incoming PM

Despite the fact that Burnham is certain to be Prime Minister by next Monday, and the fact that it is near certain that Reeves will not be his pick for Chancellor, or maybe anything else, Reeves has not got the sense, good grace or basic political intelligence to postpone this event, which is essntially forward looking.

She will instead deliver a valedictory speech, claiming she has "left the economy in a good state for Burnham and that she has laid the foundations of trust and credibility."

Delusion does not come much larger than this. But let me indicate the scale of insignificance of her efforts.

She claimed to Laure Kuenssberg at the weekend that she will announce that:

The Treasury ... wants to help fill a gap between the SME demand for finance and the amount available of up to £4.1bn a year.

Reeves will announce an expansion of the British Business Bank's Growth Guarantee

Scheme (GGS) that provides a 70 per cent government guarantee on commercial loans to SMEs of up to £2mn.

The Treasury said that since its launch in 2022, the scheme had delivered more than £3.7bn of financing to UK SMEs with £2.5bn of this reaching businesses outside of London and the south-east.

Let's put that in scale. Housing benefits, that go to the UK's landlords, will cost £37.3 billion this year.

The UK SME corporation tax gap is now at least £17 billion a year.

And Rachel Reeves wants to find an additional billion, maybe, for small businesses, which she says will drive growth, and it might, but not by anything like enough to make any noticeable difference.

That is what poverty of ambition looks like.

That is what failing to understand the brief looks like.

That is what talking about growth and failing to do anything to deliver it amounts to in practice.

Reeves has failed. It is time to move on. But I am not living in hope. I have few hopes for her successor, whoever they might be.