

# Britain: How to Destroy an Economy in Six Months.

## Rodney Atkinson

By [Rodney Atkinson](#)

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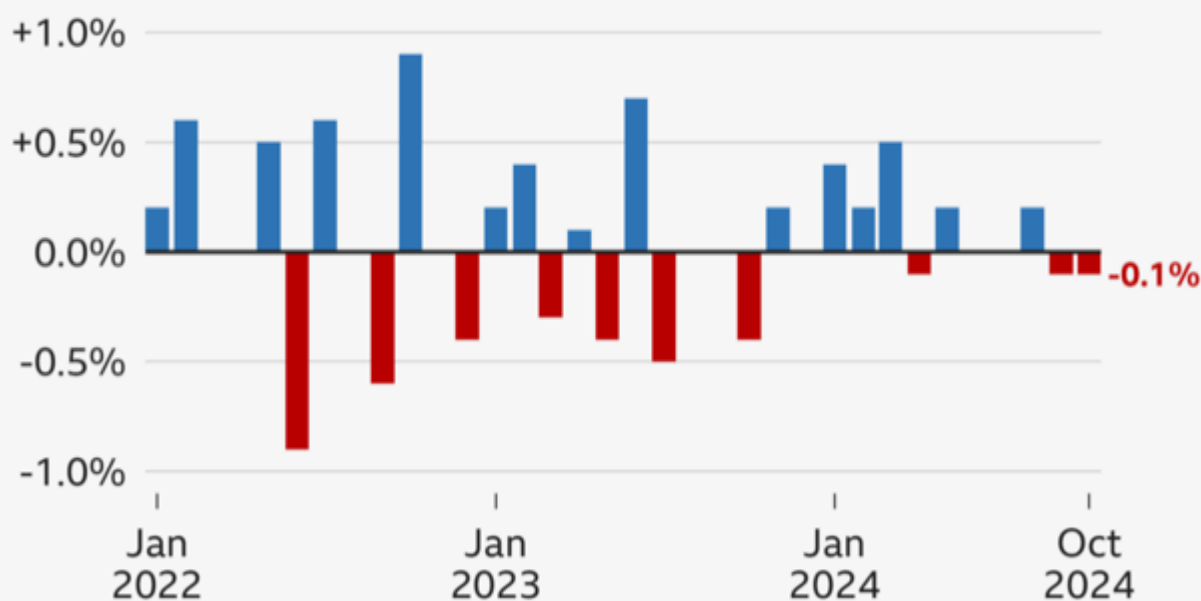
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*Britain's new Labour Government has managed in six short months to reduce an economy growing at the fastest rate in the G7 group of leading economies to falls of -0.1% in both September and October with no growth in the large services sector as fearful consumers reduced spending and business paused investment. With manufacturing and construction declining at a pace of 0.6% and 0.4% respectively in October, annual inflation has risen to 2.6% and the 10 year government bond interest rate has risen from 3.8% to 4.6% – a massive vote of no confidence in Government debt management.*

### UK economy shrank again in October

Estimated monthly change in real gross domestic product (GDP), Jan 2022 to Oct 2024



Note: Early estimates of GDP can be revised up or down

Source: Office for National Statistics

**BBC**

The largesse distributed by **Prime Minister Starmer and Chancellor Rachel Reeves** to doctors, train drivers and the nationalised sickness service (NHS – £25 billion extra) led to a

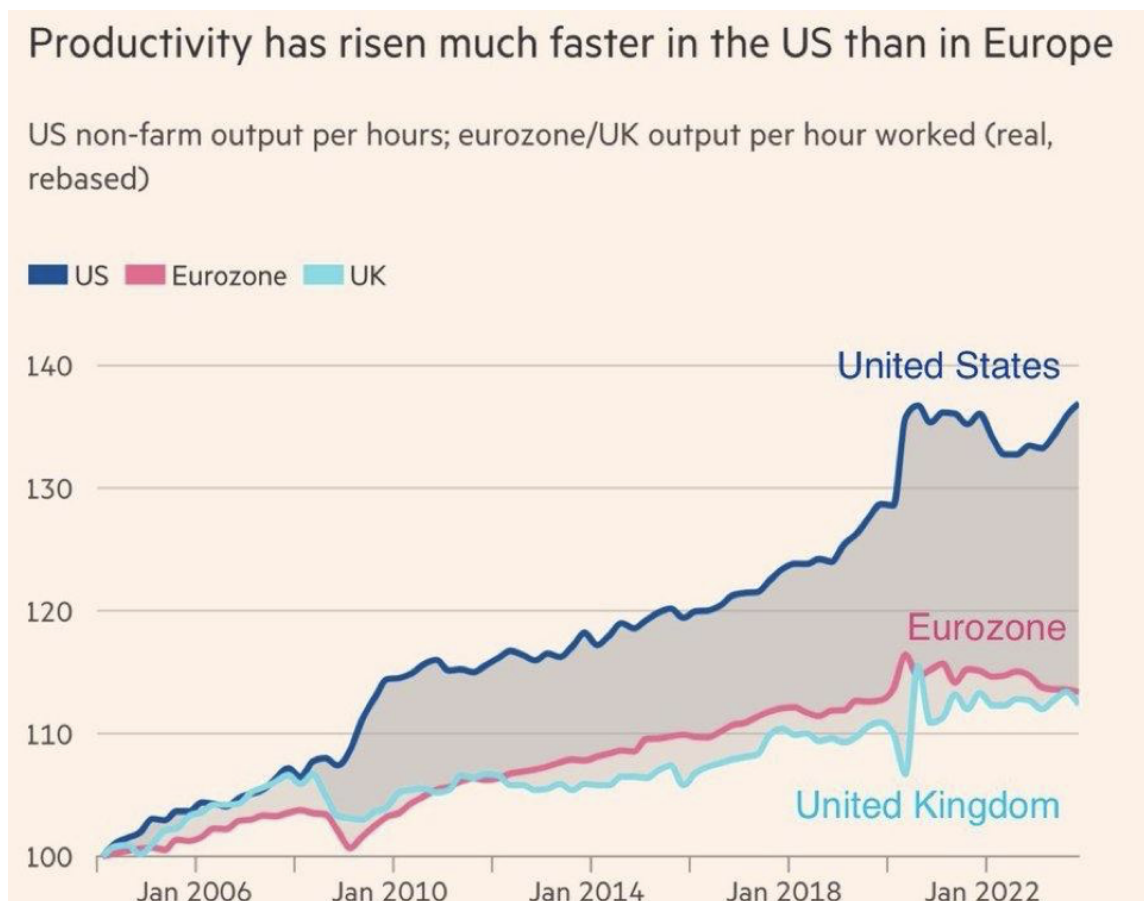
budget in which the State raised taxes by a staggering £40 billion, increased the minimum wage, increased already crippling business rates and increased employers' national insurance payments for each worker.

All this was apparently (no joke!) in order to "go for economic growth" but even the Office for Budget Responsibility understandably predicted the budget would make business investment weaker and the Bank of England has reduced its growth forecast - to NIL in the fourth quarter of 2024.

The State-dominated British economy impoverishes everyone. An analysis by the Tax Payers Alliance showed that the average household will pay over [£1.2 million in tax in their lifetime](#), meaning they would have to work for 19.5 years just to pay off the taxman. Even the bottom 20 per cent of households, or families with a household gross income of £19,599, will work for almost 23.4 years to pay off their lifetime tax bill, the longest of any group since taxes long ago stopped taxing income and instead taxed existence, property and jobs.

## State Incompetence and Productivity

**Since 2020 the State sector has taken on an extra 250,000 employees to add to its appalling low productivity record. Rachel Reeves' solution is to reduce by a mere 10,000 and ask Departments for 5% savings on their budgets. The international competitiveness of the UK is quite horrific:**



## Destroying Capital and Investment

The three critical elements in economic growth are CAPITAL, INCOME RETURNS and INVESTMENT OPTIMISM. The budget seemed designed to destroy all three.

For decades, as the insatiable appetite of the State grows to meet the ambitions and electoral promises of politicians, taxes have come increasingly from indirect and “upfront” taxes unrelated to actual earnings or profits and therefore unresponsive to slower or negative economic growth. The State demands its right to spend, unconstrained by the ability of the economy to finance their spending.

Just how unconstrained the parasite State has become was revealed in the purchase by a Government Department of two leather bound files for £1,200! A small example of a major failure. See [this](#).

The degree to which this disastrous government fails to understand the very concept of capital was revealed in their application of Inheritance Tax to family businesses and farms where they actually believe that such businesses can lose 20% of their capital and still function. To tax those families who sell out their capital for a one-off gain, or those who do not farm but buy land as a tax avoidance scheme has a logic but to cripple ongoing businesses as one generation dies is madness.

**Just how mad we can see by the fact that the Government will NOT apply inheritance tax every 30 years to the biggest and richest corporations in the country - who are then at liberty to buy up the family firms and farm land which inheritance tax has made unviable. No wonder Bill Gates and British banks are buying up farmland!**

The Taxpayers Alliance found that, as the UK is sending farmers abroad over £516m in foreign aid, the inheritance tax changes announced at the Budget will raise £520m for the Treasury.

Just as the previous government sacrificed democratic capitalism for State Corporatism so this Labour government is a State corporatist government - *socialism, big State, big corporations and supranational power*.

## Labour Even Attacks Health and Hospices

In an arbitrary exclusion of the NHS from the rise in National Insurance contributions (typical of the selective targeting of people and institutions in fascist societies) the Labour government forgot that doctors in general practice were technically not in the NHS and would therefore have to pay the rise, hitting doctors' surgeries hard. Equally hit are the many social and private providers of health support like social care and the hospice movement.

The Chancellor of the Exchequer Rachel Reeves's budget will cost children's hospices an additional £5million a year from the NI rise alone (never mind the rise in the minimum wage). That translates into nearly £140,000 extra per hospice.

## Devastating Effect on Businesses

January 2025 will see a devastating series of announcement of business closures and redundancies as businesses of all sizes react to the enormous extra costs piled on them by the economically illiterate spendthrift Rachel Reeves.

The Bank of England's long-running Decision Maker Panel [released](#) its latest business responses to the budget. 2,255 Chief Financial Officers from small, medium and large UK businesses reported:

- 59% of firms expect to lower profit margins.
- 54% expect to raise prices.
- 54% expect lower employment.
- 38% expect to pay lower wages than they otherwise would have done.

The large Recruitment agency, Reed, said vacancies advertised on their website had fallen 13% between October and November, and the vacancy figure was now 26% lower than a year ago, suggesting, on past experience a coming recession. See [this](#).

**The UK has the highest government debt (97% of GDP) since the 1960s. In October 2024 Debt Interest alone was £9.1bn with annual debt interest (expected before the catastrophic budget to be £89 billion) now expected to be £120 billion (more than twice the Defence budget as the British government pursues war with the largest country in the world with the biggest nuclear arsenal). The *increase in debt interest* is more than the budget tax rise from employers' National Insurance payments.**

One would think it could get no worse – but the Government seems determined to wipe out major industries like oil and gas, cars, petrochemicals, steel and plastics on the altar of “net zero”. The implications for unemployment, the resulting welfare needs and the fall in taxes are dire.

No wonder company start ups are the lowest for 13 years and the London Stock Market is losing company quotations to Wall Street.

After 27 years of State corporatist and socialist policies under Labour and Conservative governments, what was needed was a radical, democratic capitalist, free trading, entrepreneurial, socially emancipatory (as opposed to State controlling) Government. Instead since 4th July we have the same social decadence, political authoritarianism, financial bankruptcy and business ignorance as before – but in spades!

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