

Britain Seems Committed to Stagnation

di Joseph C. Sternberg

Welcome to the politics of advanced economic decline. I'll give you a moment to go pop some popcorn before we proceed.

The U.K. in recent weeks has been rocked by a slew of political upheavals across the ideological spectrum. The Labour Party is at war with itself as Prime Minister [Keir Starmer](#) struggles to fend off serial challenges to his leadership. On the other side, the Conservative Party is crumbling under sustained bombardment by the upstart Reform UK party.

What these kerfuffles share is that they are all caused by Britain's economic anemia but, conspicuously, aren't about any coherent agenda to reverse it.

This is most visible within the Labour Party, and also most relevant since Labour is currently in charge of the country. Mr. Starmer is deeply unpopular. Partly because his charisma ranks somewhere between "potato" and "boulder." Partly because Labour remains intractably divided between a technocratic centrist wing and a noisy progressive-left wing, which forces Mr. Starmer to reverse or revise most of his policy announcements on matters such as taxation and welfare reform as he grapples with "party management" in real time. Partly because he's failed to get a handle on illegal immigration.

Mainly, though, it's because the economy is flatlining on Mr. Starmer's watch. GDP growth from one quarter to the next is barely perceptible, and manufacturing and construction are notably weak. Inflation has notched upward, above 3%. Mr. Starmer won election in 2024 as a fresh face after 14 years of dysfunctional governance under the Conservatives. Now Britain is more heavily taxed than before, and with less economic growth and optimism to show for it.

Mr. Starmer's policy and political failures are sparking plots against him within his own party. None of those are about offering better ideas. Last weekend he fended off a potential challenge by Manchester Mayor Andy Burnham, a longtime Labour politician. Yet for all the hubbub, Mr. Burnham's supporters struggle to say what he would actually do as prime minister. The hope seems to be that a vibe shift might be enough to assuage angsty voters.

This is also true of the only other plausible replacement for Mr. Starmer, Health Secretary Wes Streeting. He demonstrates good instincts whenever he speaks—with surprising frankness—about the need to reform Britain's National Health Service. But the odds Labour lawmakers would approve such reforms are nil, and the argument for elevating Mr. Streeting has more to do with his personal charm than his policy views. It's a set of circumstances suggesting Labour has all but given up on economic growth and instead is choosing to fight about redistribution. That's been at the core of all of Labour's bruising battles of the past 18 months: on modest welfare reforms, on inheritance taxation, on winter-fuel handouts to the elderly. This is the politics of pie division rather than pie expansion.

Equally but differently dire is the civil war unfolding on the right. The development here is the accelerating pace of defections to Nigel Farage's upstart Reform UK party from the Conservative Party—in recent weeks Robert Jenrick, Nadhim Zahawi and Suella Braverman, all of whom held senior positions in Tory administrations during the party's 14 years in power.

These defections are primarily about immigration policy, on which voters seem to view Reform's restrictionist approach as more desirable and believable than anything the Tories offer. Leading politicians are fleeing the Conservative Party because they think the Tories' loss of credibility on this issue makes the party unelectable. They may be right.

This means, however, that economic issues are almost entirely absent from arguments about the future of conservatism. To the extent Mr. Farage has an economic platform, it's more aligned with center-leftism than any sort of reform agenda. Think generous social services but with less “waste, fraud and abuse”—and fewer immigrants.

The Conservatives under Kemi Badenoch do have a convincing economic agenda centered on cheaper energy and reforms of taxes and regulation to boost work and entrepreneurship. But you'd struggle to find any voters who know what that agenda is, since the party so infrequently tries to communicate it. More to the point, voters correctly blame the Tories for many current economic problems since the party was in power when most of those ills took root. Right-leaning politicians prefer to ignore the economy for fear of calling even more attention to their own failures.

A consequence of these developments is that as one of the world's largest economies sinks into stagnation, almost no one in the political arena is discussing the issue. Britain's political class appears to have given up on any hope of expanding prosperity. That's an important tipping point. And not a good one.