Ingsoc in Embryo

By Theodore Dalrymple

In November 2023, the conservative British newspaper, the *Daily Telegraph*, had an article by the newspaper's deputy editor, an economic journalist, lamenting the country's low rate of saving. In September 2024, it had an article by the newspaper's deputy economics editor lamenting the country's addiction to saving.

Perhaps the articles were not contradictory, strictly speaking. The first contained the following warning:

> *Too much saving can be economically destructive—or what the British economist John Maynard Keynes called the "paradox of thrift": if you don't spend, but save all your money instead, it damages demand and can cost someone else his job.*

Given Britain's current position, however, too much saving would be a nice problem to have. In any case, we've got the balance hopelessly wrong as things stand.

Labour Party Conference in Liverpool
United Kingdom on October 10, 2023.

The situation has reversed, however, and the later article had the inelegant headline, “Why Britain’s saving addiction has cast a shadow over Starmer’s growth hopes.” In other words, people who were once spending too much and saving too little are now saving too much and spending too little. How can an economy dependent on consumption grow without an expanding demand?

Clearly, people should be better informed about the macroeconomic consequences of their decision to spend or to save. As *Ecclesiastes* might have put it, if its author had studied economics, there is a time to spend and a time to save. Or perhaps the moral is that one should beware of articles written by economic journalists, for whom no level of savings, investment, spending, or of anything else, is ever the right one.

Of course, the absence of indubitably correct answers to any economic question, the constant changeability of the situation, and the fact that readers generally forget what they read only a short time before, is manna to such journalists, indeed the *sine qua non* of their continued employment. By the time their prognostications are proved wrong, the errors can be explained away, or everyone has forgotten them, so there is no pressing need ever to be right. The journalists can always simply, or brazenly, move on to their next prognostication.

The strange thing is that, knowing all this, I nevertheless continue to read their prognostications as if they purveyed wisdom, and even more strangely, I permit my mood to be affected by them. The prospect of recession or stagnation depresses me, the opposite causes a little access of pleasure, like the first spoonful of a delicious soup.

But it could be that there is more to this vacillation than the familiar journalistic bombast. Perhaps it is propaganda of a more sinister sort. Let us return to the matter of savings. The evidence in the second article that the British were saving too much and should be spending more was that household savings exceeded household debt. On the figures given, however, it was only by about $6000 per person: not much of a cushion to fall back on in the event of a major crisis.

Nor was this all: there was not a word about the distribution of debt in the population, or the fact that these aggregates tell us very little. A sixth of the population, for example, has not a single penny in savings, a quarter has less than $300, and just under a half have less than $1500. It is much to be doubted that this latter half of the population is free of debt, just as it is likely that many people with the largest savings have no debt.

Thus, the fact that household aggregate savings exceed aggregate household debt in no way precludes a debt crisis. If half of the population has a combination of low earnings, significant debt, and no savings to cover any emergency, encouraging them to spend more, while it might increase demand and growth for a time, could, or is likely to, lead to precisely such a crisis—and this quite apart from the characterological effects of persuading people to spend money that they do not have. They already believe, moreover, that there is a safety net provided by the state through which they cannot be allowed to fall, and they are right to believe this.

If or when a crunch comes, then, there will be only two solutions: for the government to borrow more, or confiscate past savings by taxation and render meaningful saving impossible or difficult. And it is quite clear that this would be the preferred method of the new Prime Minister, Keir Starmer. Having promised not to increase taxes on “working people,” he was asked what he meant by “working people.” He replied:

> *People who earn their living and rely on our [public] services and don’t really have the ability to write a cheque when they get into trouble.*

Disregarding the ambiguity of the concept of getting into trouble—whether the trouble is through no fault of their own or through gross improvidence—what Starmer implied was that those who had achieved some degree of independence from the state were not “working people,” no matter how hard they worked or what the source was of their independence. *They* could be taxed, even taxed out of existence until they became true working people. After all, for socialists like Starmer, individual wealth arises from the exploitation of working people by non-working people.

The good news for those who work for the state is that *their* wealth is not the product of exploitation, because by definition they work for the public good. It is no coincidence, perhaps, that among the first measures taken by Starmer’s government was a large pay rise for doctors in the state-run health service (not a small voting bloc, incidentally). This is the shape of things to come, a society eventually divided into three categories: working people, utterly dependent on government services, comparatively well-paid apparatchiks who organise those services, and a nomenklatura consisting of the higher state apparatus and managers of licensed capitalist enterprises. (Starmer has already an enormous state-funded pension from his work as the head of the grossly incompetent Crown Prosecution Service, the prosecuting authority in Britain.) What such a society would have to fear is a large class of people independent of its control or patronage. The attacks on savings—increased inheritance taxes, reduced fiscal advantages for savers, increased capital gains taxes, tax increases on private medicine and education—are not primarily fiscal measures, but those of social engineering, a necessary stage in the development of what Orwell called *Ingsoc*.

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