

Why UK Economic Policy Keeps Failing

A Systems Thinking Analysis — Joiner's Levels of Fix applied to UK economic history

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Five findings

Level 1 is the default

Every Chancellor since the 1990s has reached for the same toolkit: adjust tax rates, change thresholds, tweak National Insurance. These feel decisive. They are reactive, reversible, and change nothing structural. The bond markets know it — gilt yields move on Budget days because markets watch for Level 1 adjustments, not structural reform.

Level 3 fixes produce detectable structural change points

The Open University (1969), National Lottery (1994), Bank of England independence (1997), and Greater Manchester devolution (2017) are the clearest Level 3 interventions in UK postwar history. Each changed what was structurally possible, not just how people behaved within existing rules. A Bootstrap CUSUM change point should be detectable in the relevant sub-metric for each.

Two Level 3 Deep shifts define the entire postwar settlement

The NHS founding (1948) changed the fundamental belief that healthcare is a market transaction. The Thatcher privatisation programme (1979–1990) changed the fundamental belief about what government is for. Both constrain the options of all subsequent governments, regardless of political persuasion — the test of a genuine Level 3 Deep change.

The squandered Level 3: North Sea oil

Norway applied a Level 3 fix to the same North Sea revenue — invest it, never spend the principal. The Government Pension Fund Global now exceeds \$1.7 trillion. The UK applied a Level 1 fix: spent the revenue as current income. Same resource, same timeframe, different structural decision, divergent trajectories. No structural change point in UK public investment capacity.

No structural change point since 2014

The honest answer from the Bootstrap CUSUM data: Stage 8 (2014–present) shows +6.0% cumulative growth — the weakest stage in 77 years. The 2008 financial crisis, austerity, Covid, and the inflation crisis are all absorbed within stages that show no fundamental change in trajectory. The system is behaving consistently with a 60-year structural deceleration.

Joiner's four levels — UK economic interventions mapped

Level	UK examples	Why it is this level
Level 1 Fix the Output	Income tax rates · NI adjustments · Interest rates · Energy price caps · Cost of living payments	Reversible, reactive, changes nothing structural. The metric moves temporarily then returns to trajectory.
Level 2 Fix the Process	ISAs · Premium Bonds · Auto-enrolment pensions · National Living Wage	Durable mechanism that changes behaviour within the existing system. Persists across governments.
Level 3 Fix the System	Open University · National Lottery · Bank of England independence · Devolution	Redesigns what is structurally possible. A Bootstrap CUSUM change point should be detectable.
Level 3 Deep Fix the Mindset	NHS founding (1948) · Thatcher privatisations (1979–1990)	Changes the fundamental belief about what government is for. Constrains all subsequent governments.

International Bright Spots — Level 3 fixes that produced structural change

Country	Level	Structural decision	What Bootstrap CUSUM would find
Norway	Level 3	Invest all oil revenue in sovereign wealth fund; spend only the returns (capped at 3%). Never spend the principal.	Structural change point in public investment capacity ~1996–2000. Fund now exceeds \$1.7 trillion.
Singapore	Level 3 Deep	Fundamental belief: human capital is the only resource. 60-year anticipatory curriculum redesign matched to next economic stage.	GDP growth 12.7% p.a. 1965–73. GDP per capita from developing-nation level to \$82,000 by 2024.
Estonia	Level 3	Digital infrastructure as constitutional public good. X-Road: data entered once, shared across all agencies. 2.7bn queries/year.	2nd globally in UN e-government index. Structural change point in admin productivity ~2000–2005.
South Korea	Level 3	State-directed industrial policy: pre-specified structural bets on next economic stage. Steel → shipbuilding → semiconductors → advanced manufacturing.	Multiple Bootstrap CUSUM change points. GDP per capita from ~\$100 (1960) to \$33,000 (2023).

■ Honest caveats on international comparisons

International comparisons risk attributing outcomes to the visible structural decision rather than the conditions that made it possible. Singapore required a dominant-party planning horizon; South Korea required authoritarian government; Norway required political consensus on resource revenue; Estonia built on a clean-slate post-Soviet system. The Bright Spots discipline applies: separate the structural practice from the context. The replication hypothesis is built on what is structurally replicable — the rule, not the regime.

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