**As U.K. Braces for Painful Budget Cuts, the Mood Is Gloomy**

Swindon, west of London, has reinvented itself several times, always a rung lower on the economic ladder. Now it awaits another step down.

SWINDON, England — Britain’s energy crisis hit Chris Watts quicker and harder than most businesspeople: His company installs and fixes gas boilers. As soon as news of skyrocketing fuel bills surfaced in August, he said, customers began putting off repairs and replacements. Desperate to cut expenses, many have yet to switch on the heat in their houses.

“In the 28 years that we’ve been in business, we’ve never experienced the shock to the system that we’re seeing now,” said Mr. Watts, who was forced to move his family-owned firm to tighter quarters in a drab industrial park.

Now, like tens of millions of Britons, he is also facing the prospect of a recession that the Bank of England warned could last for two years. “It’s one thing after another,” said Mr. Watts, 55, recalling his struggles to cope with the effects of Brexit and the coronavirus pandemic. “At some point, it’s got to stop.”

While Britain has lurched from crisis to crisis since it voted to leave the European Union in 2016, the latest wave of bad news is of a different order: double-digit inflation, a grinding downturn, rising interest rates and political upheaval. The next body blow will come on Thursday, when the new government is expected to announce that it will raise taxes and slash spending to try to plug a gaping hole in the nation’s finances.

The cumulative effect has been to throw normally stoic Britons into a gripping anxiety, not just in perennially downtrodden industrial areas, but also in healthier, workaday cities like Swindon. A Victorian-era railway town 72 miles west of London, Swindon has reinvented itself over the decades, first as a site for automakers and more recently as a distribution hub for giant retailers like Amazon. It has also become a political bellwether, with a history of voting for the governing party of the day.

Right now, the mood around town is somber.

“I don’t get it,” said Dennis Azzopardi, 62, who works for Royal Mail and was celebrating his wife’s birthday with her at a local pub. “The oil and gas companies are making billions. Why isn’t any of that coming back to us?”

The Azzopardis said they worried most for their two daughters, 33 and 36, who each have mortgages, which, like most in Britain, have shorter terms than those in the United States. With interest rates on loans spiking upward, one of their daughters will soon face a sharp rise in her monthly costs.

Mr. Azzopardi said he hoped the new Conservative prime minister, Rishi Sunak, was better equipped to cope with these challenges than his predecessor, Liz Truss, who lasted only 50 days after her trickle-down tax plans caused havoc in financial markets. (“He understands money a bit, doesn’t he?” Mr. Azzopardi said of Mr. Sunak.) But he said he was skeptical that any government, including one led by the opposition Labour Party, would be able to fix the country’s proliferating woes.

“Labour isn’t what it used to be,” Mr. Azzopardi said, in words that could apply equally to Swindon and Britain as a whole.

Though Britain shares many ills with other European countries, its predicament is compounded by two bespoke factors: the legacy of years of austerity, which hollowed out public institutions like the National Health Service, and Brexit, which has hindered trade with Europe, depressed corporate investment and squeezed the labor force by creating a shortage of foreign workers.

Among the Group of 7 advanced countries, Britain is the only one with an economy that is smaller now than it was before the pandemic started. It was recently overtaken by India as the world’s fifth-largest economy, while Paris surpassed London as Europe’s biggest stock market, by value, according to a Bloomberg calculation published on Monday.

The Bank of England’s desperate battle against inflation — its increase in interest rates two weeks ago was the largest since 1989 — is expected to set off a recession that economists say could be the longest since the 1930s.

Britain’s troubles were magnified by the misbegotten fiscal experiment of Ms. Truss. Her plans for budget-busting tax cuts, many disproportionately favoring the rich, sent the pound into a free fall and drove up the yield on British bonds, which came within days of igniting a full-blown liquidity crisis for pension funds.

“In our recent history, there isn’t an exact analogy for this situation,” said Anna Valero, a senior policy fellow at the Center for Economic Performance at the London School of Economics. “We’ve had a series of long-term crises followed by these new shocks.”

Mr. Sunak, a former chancellor of the Exchequer who once worked for Goldman Sachs, quickly calmed the markets. Interest rates on British assets have returned to more normal levels, which means Britain will no longer be discussed in the same breath as Italy at gatherings of finance ministers.

But the prime minister’s tranquilizer came with painful side effects. He and his new chancellor, Jeremy Hunt, have warned that they will need to fill a shortfall of roughly 50 billion pounds ($58.2 billion) in the budget to stabilize Britain’s finances and preserve its credibility in the markets.

While the mix of tax increases and spending cuts they will impose is not yet clear, it is certain to evoke memories of the austerity budgets imposed by David Cameron, as prime minister, and his chancellor, George Osborne, in 2010.

“Household disposable income is going to fall by more in the next two years than at any time since records began being kept in the 1950s,” said Tony Travers, a professor of politics at the London School of Economics.

Britain’s wild ride in the markets has left Mr. Sunak with less room to maneuver. He is unlikely, for example, to try to overhaul the country’s cumbersome urban planning laws, one of several contributors to Britain’s sluggish growth rate since the financial crisis of 2009.

Swindon bears the scars of those calcified rules. After the Great Western Railway Works, which once churned out three steam-powered locomotives a week, was wound down, the city bounced back by attracting financial services firms and carmakers. In 1986, the year that the railway factory closed, Honda Motor Company arrived.

But in July 2021, the Japanese carmaker closed its assembly plant, costing 3,500 jobs. While Honda insisted that its decision reflected a desire to focus on Asia and the United States, local people blame the city’s rejection of a proposal by Honda to build wind turbines next to the plant. Mr. Sunak recently shelved a plan by Ms. Truss to make the construction of onshore wind farms easier.

“Sunak and Co. have been so spooked,’’ said Jonathan Portes, a professor of economics and public policy at Kings College London. “Even if they wanted to, they feel as if they don’t have the political space.”

For many in Swindon, there is a lingering suspicion that Brexit also played a part in Honda’s departure. The city weathered the plant shutdown, in part because Honda offered employees generous severance packages. But the loss of the factory’s well-paying jobs contributed to a sense of diminished expectations.

Reg Bates, who worked as a quality control inspector for a company that made children’s car seats for Honda, recalled his shock at bumping into a former colleague, who had found lower-paid work as a porter at a city hospital.

“Any employer in the country, no matter what the nature of the work, would be lucky to get a Honda employee,” said Mr. Bates, now 70 and retired.

As Honda left, however, Amazon arrived — giving Swindon another foothold, though one lower on the economic ladder. The company built a sprawling warehouse and hired 2,500 workers, some of whom had worked for Honda. It pays a starting wage of 11.45 pounds ($13.35) an hour; union organizers complain about the harsh working conditions that have dogged Amazon elsewhere.

For workers, Britain’s labor shortage is a silver lining in the economic cloud. The demand to fill jobs is so great that they can easily find new work if they are not satisfied at Amazon or other companies. But the soaring price of food and fuel has made them aware of the corrosive effect of inflation in a way that previous downturns did not.

“For the first time, workers are seeing the effect of inflation driving past petrol stations on their way to work,” said David McMullen, an official at G.M.B., a British trade union that is trying to organize workers at the Amazon plant.

For other people, however, Britain’s multiplying woes are evidence of a political system that is broken. On a recent weekend, dozens of protesters gathered in Swindon to rally against the government and demand that it impose a wealth tax. A large billboard on the side of a building had pictures of the five prime ministers Britain has had since the Brexit referendum, above a slogan, “Nothing changes.”

At the Swindon Hub, a community center on the tattered main shopping street, older people stopped in to warm themselves on a blustery, rainy day. The center’s sponsors said it would stay open through the winter, when they expect the number of people who need shelter from the cold to increase.

“You’ll be getting people that genuinely need help,” said Jol Rose, 56, a member of the Hub’s board. “We’re picking up the pieces of a state infrastructure that is falling apart.”