

## **Labour must not follow this path**

Recently the Guardian carried an article on the 'root and branch' review of spending being promised by Shadow Chancellor Ed Balls. Probably motivated jointly by a desire to seem serious, sober and convincing to the electorate about the economy and a desire to 'placate the markets' and win favour from them for the future.

By trying to match the Tories in readiness to 'get tough', 'make difficult decisions', 'think the unthinkable', or however you want to phrase it, Ed is making two fundamental errors. First he's letting the Tories choose the battleground; second, he's granting the premise of their argument and actions: that there is overspending and that there is a 'structural deficit' that needs to be corrected in the first place. This is clearly not the case.

By choosing to try to meet the Tories and neutralise them on the spending issue, the best that Labour can hope for is to be considered as 'Tory lite'. While this might win some brownie points with the very narrow sector of our society that consists of 'business leaders' (the kind of people represented by the CBI), and with some elements of the right-wing press. However their neoliberal agenda will always win out.

This can't be a winning strategy because: Business leaders do hold a key to economic recovery and electoral strength, but it's not one that will be reached by 'reassuring' them that a Labour government will be just as tough on spending as the current excuse for a government. The key to economic recovery is demand and business leaders can only contribute to demand by paying a living wage and being courageous in employing people. But they'll only do that if they see that they have a government that will, demand it of them and lead the way by targeted spending to increase demand so that they can be confident in investing, employing and spending themselves. The austerity agenda is preventing this and will continue to do so for the rest of the parliament, if there is no change in policy.

The right-wing press is never going to give whole-hearted backing to the Labour party and will only use the implicit admission of previous recklessness as a weapon to attack Labour in public opinion.

These newspapers are owned by people who are committed to the right-wing's small-state, low-tax ideology and any improvements in the deficit or the economy are always going to be secondary to those ultimate aims. Labour can never change this. Don't let history repeat itself, if a charm offensive ever failed so badly, just remember Blair's attempt with the Murdoch press.

The British people and this is the big one, are massively disillusioned with a politics that seems to present them only with two sides of the same neoliberal coin. The Labour party that can win an outright majority at the next election will not be one that simply offers a slightly 'nicer' version of the Tories, with much the same spending cuts and mind set.

For Labour to motivate people who vote to swing strongly toward them, and to motivate those who didn't vote in the last election to get out and vote Labour at the next one, will be a Labour party that offers a genuinely different way of seeing the world. What is required is the spirit of the 1945 government created Jobs and hope for the future, a genuine belief that radical change would bring a better tomorrow. This would be a powerful message indeed.

The real measures necessary to create a stable economy capable of steady and solid growth will involve a divorce of national economy from the instability of markets, and turning that into reality will be a battle that the markets will resist no matter what. That is why the only alternative is a national investment bank to bypass the markets

The Tories don't have the answers. Their success came largely from them accusing Labour of presiding over an economic mess and no opportunity to repeat the 'inherited mess' mantra has been missed ever since. Balls is granting credibility to the myth instead of exposing it as the lie it is.

It is true that Labour fell for the neoliberal policy of deregulation and letting the markets 'rip', many on Labour's right believe that Labour managed the deficit well until the events of 2007/8 forced the desperate measures of bank bailouts. However it is clear with hindsight that the ship had been heading for the ice berg for some time.

It should not be forgotten that David Cameron supported the bail out as leader of the opposition. The kind of measures which the Tories are trying to impose will ensure that any 'recovery' only benefits themselves and their backers, the bankers and gamblers' in the City and in fact will prevent any real recovery while ensuring that they and their cronies still continue to get richer. While the rest of us get poorer.

The government and its media pals are trying hard to keep this realisation from percolating through to the public consciousness. But people still sense in their gut that this is what's happening - and so they're heart-sick of the posturing and hypocrisy they see in the government's words and actions, the booing of George Osborne by 80,000 people at the Paralympics was a demonstration of this. The vast majority of people want something different. It does come down to Labour to be radical, inclusive and bold. The other parties just will not change.

If Labour wants to win the battle for the hearts, minds and votes of the British people, they will not succeed in doing so by posing as 'Tory lite' and saying that they'll cut just like the Tories only a bit smarter.

Winning people's hearts, minds and votes requires presenting a vision one that gives a truer, better explanation of the current situation as well as a better, clearer, more inspiring and much more radical solution. By effectively agreeing with the Tory narrative and then trying to fight them on the battleground they've chosen, Ed Balls has made a serious strategic and tactical mistake.

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