

Putting people before cuts

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As I mentioned earlier in the week, I'm in a form of Purdah right now — for practical purposes out of broadband connection a lot of the time. It's not something I find especially comfortable — which is odd as for the vast majority of my life this would have made no difference to me whatsoever.

It does right now, for good reason. All about I read of the supposed pressing need for massive cuts in government spending. The Tories have made it a mantra, the Lib Dems seem to have caught it, and Mandelson is in the Mail saying we have no choice but make massive cuts in government spending.

I showed last week that if cuts in government spending resulted (as they will) in a person on £25,000 losing their job that this could cost the government £23,000 in lost revenue and extra spending. And that is before any indirect benefits are taken into account. The reality is that when there is mass involuntary unemployment, as now, caused by a lack of aggregate demand in the economy caused in turn by the refusal by banks to supply credit then to cut government spending is not just the wrong way to cut the government deficit, there is real, possibility that such a policy will increase the deficit.

Danny Blanchflower, writing in the Guardian this week has agreed — and he is one of the few economists who can rightly say he foresaw what is happening now. Those who did not, as he can also rightly say, are those who wholly failed to predict the current crisis.

I am aware that my basis of forecasting is simplistic — but can see no reason in principle why I am far wrong when I suggest that making 2 million people unemployed might cut the government deficit by £4 billion. Remember it's running at more than £170 billion at present — meaning £4 billion is neither here or there.

But for 2 million people this policy would be a disaster — and for millions of others it would create fear meaning they would cut back on all spending to the point that a vicious downward cycle of depression would be created by government cuts anytime

soon.

There is only one group who win from this — those already financially secure. In a depression there are remarkably few of these — in fact Goldman Sachs and a small fellow elite of bankers who are guaranteed not to fail whilst making vast profits from the unfettered advantage government has given them are amongst the very few who could enjoy any such situation.

But don't doubt they will be the people who will seek to tell the government what to do. All governments have lived in the thrall of our bankers — failed economists that they are to a man and woman. They are also people about as far removed from entrepreneurs as it is possible to get as they only gamble other people's money, not their own — with only an upside for themselves.

Their consensus view — that the power of government must be cut (except in so far as it underpins their own well-being) has to be challenged now.

Whether this is the job of unions, or Put People's First, or the Green New Deal, the Tax Justice Network, those who support The Other Taxpayer's Alliance, or Compass, or more besides, does not wholly worry me. What does worry me is that there is a vacuum of those who are arguing for sane economics, who are arguing that people come first, who are saying that cuts will cause massive harm and absolutely no good, and who are willing to explore just what cuts will mean so that when we come to a general election next year people realise that there is another option — that cuts are not the only way.

I can play a part in this — as can some others I am now working with. We can show that tax can be raised at present (as the Guardian has noted is necessary). But more expertise is required. Expertise that shows what happens when you cut education by 10%, benefits by 10%, defence spending by 10%, and more besides. And do remember swine flu — which will massively increase health spending — or should we ignore it?

Only then will people realise what the insanity of cuts means.

We have to make this clear now. Not with threats. Not with exaggeration (none will be needed), just with clear, simple, examples that show time and again how this will impact on people's lives.

And we have to begin now. Next January will be too late.

I happen to think 'Put People First' remains a great slogan. If another is needed, so be it. But can I ask all experts in these areas to begin thinking how this issue can be communicated? Because that is what we need to do. And if enough come forward I am sure we can build the right tool for communicating the message. But the message comes first.