

Ken Clarke proves the Tories will never learn

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From [Hansard yesterday](#):

Michael Meacher (Oldham West & Royton, Labour)

Let me return the right hon. and learned Gentleman to the most important thing he said—, that a future [Tory](#) Government would engage in early cuts as soon as possible and that those would be big cuts. Is he aware that the President of the [Japanese Government](#) tried exactly that against the background of a precarious recovery at the end of the 1990s, only to precipitate a deeper slump? Is he aware that Roosevelt, having initially launched the new deal, then increased taxes and reduced public expenditure, which took America back into unemployment? Is it not obvious that what is needed is not public expenditure cuts on a large scale, but a massive investment programme in job creation in housing, infrastructure and manufacturing?

Kenneth Clarke (Shadow Secretary of State for Business, Business; Rushcliffe, Conservative)

Few things are certain and obvious in economic policy, and it is certainly necessary to have regard to historic precedent. We may consider Japan in the 1990s, the United Kingdom in 1981 and the experiences of the 1930s, although it is debatable whether what is now called [President Roosevelt](#)'s Keynesian expenditure was actually the principal cause of recovery. Indeed, I think that that theory is very doubtful, although it is, I know, much loved by people in the labour movement.

What we must look at, however, are the realities of today. No two financial crises are exactly the same, and no two recessions are the same. What we have at the moment is a massive burden of debt, which is a major feature of the current problems and a major challenge to confidence. To pretend that the Japanese experience shows that there is no need to tackle it is to be under an illusion. We have a larger deficit, and we have seen a faster increase in debt in relation to [GDP](#), than any other G7 country. Others can afford fiscal stimulus, but we cannot. It is my judgment that we must start cutting the deficit as rapidly as possible. We cannot simply point to one feature of the Japanese lost

decade and say that it proves that Britain in 2009 must avoid taking that step.

Vote for Ken, get a depression.