Funding the Future

Article URL

Published: January 12, 2026, 6:14 pm

New Statesman - The axeman cometh (too soon).

There's an excellent article in the New Statesman today by Brendan Barber - general secretary of the TUC. I, as many readers will know, advise the TUC, but I had no involvement in this article.

Brendan says (and I've cut our large chucks in creating this edited highlight):

The government seems intent on a rolling series of heavy cuts in public spending.

To put it bluntly, this is madness. The economic case for such an orgy of axe-wielding simply does not add up. We are set on a course that will cause enormous hardship to ordinary people without achieving the goal of cutting the deficit or calming the markets.

But the cuts programme will only buy time. Even if the unveiling of austerity packages calms traders for now, this does not deal with one sure outcome: that the markets will take equal fright at the poor statistics that follow as demand withdraws from economies.

What can be said is that, if accepting deep cuts is hard, accepting cuts that don't even achieve their stated objective will prove a hundred times harder.

But instead of sleepwalking into this nightmare, we could choose another route. At a national level, the government needs to think much harder about the balance between cuts and taxes. It is never pleasant to raise taxes, but at a time of economic fragility this will do less damage than spending cuts. A temporary removal of all tax reliefs on earnings above £100,000 would save billions; a Robin Hood tax on financial transactions could do the same. But such measures must be progressive: an increase in VAT would generate big sums, yet it is very regressive. If tax rises across the board are needed, then these should be changes that place a heavier burden on those most able to pay.

There also needs to be a close examination of the timetable for cuts.

In an ideal world, the British government would be leading this more sensible approach.

In reality, it is now determined to make the push in entirely the opposite direction. This means there is a now a heavy burden of obligation on the Labour Party, the unions and wider civil society, along with like-minded organisations across Europe, to do everything in their power to halt the headlong rush into needless austerity.

Sometimes the responsibility to speak "truth to power" is pressing, no matter how much those in power claim to be acting on common-sense consensus - and this is one of those moments.

I wholeheartedly agree.