

# Funding the Future

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Ed Balls is delivering his keynote economic speech today.

I have no real idea what he will say but note the reports this morning that he will stress long term credibility. This, of course, is meaningless - he was hardly going to espouse long term irresponsibility, was he?

So what should he be saying? First that without growth neither we nor any other economy will get out of recession.

Second, growth must come from investment right now.

Third, since the private sector is not going to invest the state has to - and it is responsible to take advantage of low interest rates to do so. A whole raft of options are available.

Fourth, this investment pays. First it cuts benefits. Second it raises tax. Third, if focused heavily on UK based infrastructure a great deal of the benefit stays here in the UK. And this means that investment can actually pay for itself.

Fifth, as Samuel Brittan said last week, the aim for Lloyds, RBS and Northern Rock should not be sale as if continuation of the existing banking structure were enough when it clearly has failed completely and utterly. That would be a big mistake. These banks must become the core of regeneration of our economy right now by being the agents for injecting money - the money created by quantitative easing - into the economy - and if that means buying out residual private stakes for the time being, so be it.

Sixth, international measures are needed in which the UK must be an active participant to regulate the banks, ensure an orderly right off of debt, expose risk in tax havens and elsewhere through greater accountability and transparency and to demand that banks fully cooperate on issues such as tax collection as part of the grand bargain the world's governments are making with them to stay in business.

Seventh, domestically the tax burden must be shifted onto those best able to pay it.

Eighth, the tax gap must be aggressively tackled.

And at all times the focus must be ensuring people can live without fear - fear of unemployment, fear of homelessness, fear of poverty in old age, fear of young lives blighted by their being no prospect of them working.

The first eight are important.

The last issue is vital - Labour has to remember, always it's job is to deliver freedom from fear - the very fear the market wants to create and maintain to ensure people are forced to work on unacceptable terms: a fear deliberately reinforced by unemployment that suits large companies oh so well.