Funding the Future

What does Ed Balls mean?

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I am disappointed as the next Keynesian if Ed Balls said this morning that he supports the Tories' cuts.

He hasn't, at least as far as I can tell. He has said:

My starting point is, I am afraid, we are going to have keep all these cuts. There is a big squeeze happening on budgets across the piece. The squeeze on defence spending, for instance, is £15bn by 2015. We are going to have to start from that being the baseline. At this stage, we can make no commitments to reverse any of that, on spending or on tax. So I am being absolutely clear about that.

This is not endorsement. This is about saying he has no choice on this matter: in opposition he can't stop the Tories cutting and as a result the start point for a Labour government will be that these cuts have happened and there's no point pretending now that won't have happened: it will.

And what's he's also saying is that right now there is no way of predicting what Labour will make priorities for change come the time of the next election, so he won't. I'd be saying that too if I had his job. Not that it would make it a lot of fun.

And I also have to say, his focus on jobs is right, although forcing real pay cuts on the state sector is not sustainable forever - and he must know it. But jobs have to come first. That's essential to the recovery - and for the people of this country.

Now, when is he going to talk the tax gap? Because that's not a spending commitment, that's a revenue commitment and that's something quite different?

PS And if Ed Balls doesn't mean what I think he means then my opinion changes. So I'm hoping I'm right.