

Finishing off the Tories and their cuts

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The [FT reports today](#):

George Osborne will challenge Labour to match a detailed co-alition programme of cuts stretching into the middle of the next parliament in an attempt to “finish the job” of eliminating the structural budget deficit by 2017.

While the strategy will infuriate some Liberal Democrats, people familiar with the plan say it will underline their party’s economic credentials and has the support of Nick Clegg. It will also force Ed Miliband, Labour leader, to spell out how a Labour government would deal with the deficit.

Labour has no reason to respond. What it does when in office is not dictated by the Tories now. What it should also be saying is very simple. It has to say that the Tory cuts aren't working. Nor can they. They are wholly dependent on the assumption that if the government cuts then business will invest more. [Duncan Weldon showed](#) that is simply a myth always assumed to be two years in the future, yesterday. That will be as true at the end of this parliament as now, except by then we'll know that the model has definitely not worked. So labour's answer is that whilst it is committed to ensuring manageable debt that comes from growing the economy, sustainably. And if business will not do that then the government will have to do so. Which means it will be raising the money for investment to put people back to work which is the only way that the taxes can be raised to rebalance the UK's economic equation; an equation that can never be resolved by cuts. What's sort of amusing about the Tory demand is that it hoists Osborne on his own petard.