

Funding the Future

Article URL

Published: January 12, 2026, 5:06 pm

There are three contrasting articles on the recovery in the Guardian this morning. The first is from Michael Meacher MP, [who starts his article saying](#):

So, according to George Osborne, austerity is paying off and the economy is on the mend. If only. Britain's GDP is still 3.5% below its pre-crash level (that represents a £50bn loss of income), while Germany is 2% above theirs, the US 4% and Canada 6%. Stockmarkets, City private equity and bankers' bonuses are certainly on the up, but real average wages of the other 99% have fallen 5.5% since the crash and are expected to slip further until 2018. Joblessness is still stuck at 2.5 millions and youth unemployment still rising at over 19%. The banks remain largely unreformed and still mainly invest in property, overseas speculation, tax avoidance and financial derivatives rather than in UK industry. There has been no manufacturing revival and last year imports of traded goods exceeded exports by £106bn which is simply unsustainable. To cap it all, Osborne's Help to Buy scheme is stoking another massive housing bubble — exactly the wrong way to boost the economy. No lessons learned. Some recovery!

Michael's right (and for those who know we talk to each other, I had nothing to do with Michael's article, although I am in agreement with it).

Then there's an article by Paul Mason, the only economic commentator on the BBC anyone on the left has any real time for. He says:

With last Friday's [upward revision to GDP figures](#), there is clear evidence for a real recovery. It may be the wrong kind of recovery, may be temporary, and may yet again hit buffers external to the UK, but it can still be all of these things and real. The latest Office for National Statistics figures show the economy grew 0.7% from April to June, with growth across all sectors. The trade gap narrowed. Salaries rose faster than in any period since the dotcom boom of 2000, boosted by a slew of bonus payments.

Now, I know he caveated this a little by saying:

Every news story about GDP prompts the claim that journalists are engaged in "propaganda"; that the recovery is either false or illusory, based on an unsustainable credit splurge, or on contingent factors such as PPI compensation. Or that it is confined

to south-east England, and unreal everywhere else.

Despite that though he went on to assume that the recovery is real. But he's wrong. It isn't. He knows all the reasons why and yet refuses to recognise them:

But the economy has also refused to behave as the doomiest predicted. People have clung to jobs, even at the cost of tolerating zero-hours contracts, wage cuts, pension raids and unpaid overtime.

Is the fact that people have shown tenacity in the face of a deliberately created onslaught on their living standards a cause for celebration? Nor is this indication of real recovery:

It is true that GDP per head is stagnating. It is also true that if you measure GDP against the retail price index, instead of the government-preferred CPI, it is flat. It's also true that growth is patchy regionally — not just between regions but even within small towns. However, the headline GDP figure is important. If, in the next few quarters, its growth is sustained, the narrative of the government's critics on the left will have to change.

Does Paul Mason really think that we on the left have to celebrate the fact that for most people in this country things are getting worse just because speculation is on the increase again for the benefit of a few? I am staggered if he does, and yet that is still what his article suggests is the case.

That said, Mason's right that we do need a new economic narrative, but not one that starts by conceding the argument. That's always the wrong starting point. Why on earth does the left always want to, metaphorically, play away from home and not even by the rules that it is familiar with? That's what Mason seems to be asking us to do, but Michael Meacher is not. Nor is [Jackie Ashley in another Guardian article today, where she says](#):

And now we have a recovery of sorts. Would it have been stronger with less cutting and more investment? Yes, but it's impossible to prove and by 2015 I wonder how many uncommitted voters will care.

And in that case what is needed is a completely different narrative from the left which recognises what Mason concludes, which is:

The long-term trend of rising output — spectacular between the fall of the Berlin Wall and the fall of Lehman Brothers — cannot return. The recovery path will be less vigorous because pure credit expansion, on the scale of the 90s and 00s, can't be repeated. And [many] places that means even the recovery phase will probably look bleak.

Precisely. Which is why the left should be saying what Michael Meacher is saying and

should not chose to engage in a right wing argument as Mason seems to suggest despite the facts that he acknowledges, which can only imply he thinks we can only engage in debate on the right's terms.

I think Mason's wrong and Ashley and Meacher are right but let's be blunt about what this means. The left has to be tribal. It has to say that for the vast majority of people - most of the young, the old, the unemployed, those outside the south east, the disabled, the sick, those not on the property ladder, and many more - this 'recovery' is meaningless. Whatever the data they are suffering inflation that is cutting their real living standards (when wage inflation, which is what we need, would increase them) and they have under this government no way out of this dilemma because as Mason notes:

Under Mervyn King, the combination of quantitative easing with consistently above-target inflation looked like a mild version of financial repression. There is a growing appetite among policymakers for a more overt version — using loose money for longer than necessary so as to prolong the process of "structural reform" — ie shrinking the welfare system and the power of organised labour. IMF boss [Christine Lagarde spelled this out](#) at her speech in Jackson Hole on Friday.

So tribalism is on the right's agenda. It should be on the left's too in that case. As Ashley puts it:

So Labour needs a new story. It's emphasis should be, as Ed Miliband has already realised, on living standards. A recovery for the rich alone is not a real recovery, and one based on private borrowing and almost zero interest rates is downright dangerous.

Most people are still desperately worried about where their children will find jobs and homes, and how they will fund their own old age. Sharpen the attack; find the words.

And as she again says, there are good reasons for that:

Above all, the party that wins in 2015 will be the one that shows itself capable of recognising the huge challenges we face: potential war in the Middle East, a likely meltdown of more European economies, an ageing population at home with ever-increasing care needs and not enough money to pay for them. Labour strategists insist that the long-term thinking is taking place on all of these issues.

I agree. It sounds remarkably like my call for a politics that delivers [Freedom From Fear](#) - which only a Courageous State can do.

Mason's argument shows no such courage. Meacher and Ashley do. Labour needs to do so as well.

The question remains though whether it will.