Funding the Future

Socialism and austerity don't mix

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It's been claimed that [Ed Miliband has said in Brighton that he's "bringing back socialism"](#).

Actually I can only find tis claim in the likes of the Mail and [blogs by Fraser Nelson](#), and it was a questioner on Sunday who seemed to use the phrase, but there's no doubt Ed Miliband did give a speech that was recognisably left of centre yesterday and I am not complaining about that.

But, there is a problem and it's a big one. And that is you can't deliver left wing politics without quite explicitly saying you challenge the power of the markets. You have to call the bluff of the bond markets.

And call that bluff you can. £375 billion of quantitative easing has not, and will not deliver CPI inflation, even if it has created asset bubbles because it should have been more wisely spent.

Continued government borrowing of £12o billion a year has not pushed up interest rates, And nor will it.

The pound has not collapsed: indeed it could be argued that for the sake of the UK as a whole it is still over-valued.

And despite all the claims made, government borrowing has not crowded out private sector capacity to invest. By various measures that sector is sitting on hundreds of billions in cash and is refusing to take advantage of the credit banks supposedly want to grant it in response to government diktat. There is no private sector investment because the private sector has no clue what to invest in when the demand for investment from the people of the UK is for services only the state can or is willing to supply.

And yet Ed Balls says the OBR - the custodian of neoliberal austerianism in the UK - should review Labour's plans.

And he says he will cut.

And he will only invest £10 billion to turn the UK round - which is just £150 for each of us.

That's not the politics of the left. That's neoliberal fear of markets which is wholly misplaced and for which there is no factual need. And that still worries me. The talk's good at labour - don't doubt it. But is the reality really going to match it?