

White Flag Labour

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Two years ago my friend and occasional co-author Howard Reed wrote a response for Compass to Ed Balls acceptance of Coalition economic policies as the basis for Labour Party policy as some in Labour, and most especially a small group called In The Black Labour, had urged him to do. Their demand was for Labour to run a budget surplus, which this weekend Ed Balls has said is now Labour's plan for the next parliament and which [I think an exercise in sheer folly and serious economic misunderstanding](#). I wrote this about Howard's paper at the time and think it worth reproducing it now as not much has changed since:

In response to the ongoing economic crisis and in particular the debate around what Labour's response to the budget deficit should Compass has published a briefing entitled '[White Flag' Labour? Fiscal policy for the UK's next progressive Government](#).

'White Flag' Labour? has been written by Howard Reed and warns that if Labour accepts, in full and seemingly without question, the economic fallacies of "Osbornomics" it risks gifting the Tories an easy win at the 2015 election by allowing them completely to dictate the terms of the economic debate.

Furthermore, given the trouble that the Coalition's deficit reduction programme has run into and the recent economic figures that confirm both jobs and economic activity are down it argues that it would seem ludicrous for Labour to jump on board the austerity bandwagon at just the point it seems to be coming off the rails.

In response to announcements made by the Labour Party in the media last week the briefing states that:

" Ed Balls' new strategy of accepting Coalition spending cuts as a fait accompli risks making it look like Labour has wholly accepted George Osborne's fiscal strategy — demoralising Labour Party supporters who are fighting against them while allowing the Conservatives to dictate the terms of the economic debate "

The briefing maintains that Labour's 'credibility gap' on the economy comes not from its stance on the deficit but the fact that Labour were in Government during the economic crisis and that Labour have hardly given voters any reason to believe that they would manage the economy differently next time.

Looking beyond this Parliament the briefing reaffirms that an alternative progressive government – either a majority Labour government or Labour in coalition with the Lib Dems and/or other smaller parties – should deliver a clear 'Plan B' alternative to Coalition economic failure through a short-term fiscal stimulus ... coupled with comprehensive reforms to the financial system, industrial policy, tax and benefit systems, and public spending.

That prospect now seems depressingly remote.