

Labour: my fears

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I have already written about the concerns I have about a [majority Conservative government](#) after the forthcoming general election. When doing so I said I would follow up with a blog about my concerns about a Labour administration, and now do so.

The premise of this blog is the same as the previous one: although it seems very likely that minority government or a coalition of some sort will be created after the election I'm assuming for a moment that Labour succeed in securing a majority, however improbable looks to be present.

My concerns in this case focus, as in the previous blog, on the issues that I campaign about, which all have a focus upon meeting the needs of those who are less well off in our society. Labour is by no means a panacea in this regard, although there are significant differences in emphasis when compared to the Conservatives.

What is quite apparent from Labour's manifesto, its highlighted policies and its demeanour is that it has a much stronger bias towards those who are less well off in society than the Conservatives do. That is hardly surprising: historically this has always been the party's purpose, but since the mid-1990s that focus has been less apparent than it was prior to that time. The highlighting of a number of key issues, including the abolition of the bedroom tax, changes in tax for the higher paid, the introduction of the new starting rate of income tax, promises on the minimum wage and the fact that Labour has promised to leave itself room to invest to create real growth in the economy are all optimistic signs that a Labour government might produce better outcomes for those on low income than a Conservative one might do.

That said, there are real concerns about the direction of some of Labour's policies. In particular, its promise that come what may it will reduce the government's deficit year on year over the course of the next Parliament is, if true, and committed to, either deeply mistaken or profoundly worrying policy. As I have explained on this blog, [time and again](#), the scale of the government's deficit is to some degree beyond its control.

Most especially, if the economy crashes again (and it might, whoever is in government during the course of the next five years) the only logical response that any government

should then make is to increase the deficit to provide the necessary stimulus to ensure that when everything else is falling apart the government can play its essential role in providing the stimulus the economy needs in that situation to start the process of recovering.

Labour's commitment to cut the deficit, if pursued in this situation, could actually make any economic crash worse, because it would require the government to cut even more heavily in that situation in a vain effort to achieve the goal of a balanced budget, and that would reduce GDP even more severely than any market failure might do by itself.

I have to say that in this circumstance the first, and overriding, commitment of the Labour manifesto is one that I hope it forgets in office. Indeed, it will have to do this, in my opinion, and justify it when that need arises by saying circumstances will have changed and the promise was made against the background of 2015 forecasts. If this is not its real intention then we certainly need to worry about what Labour would do in the face of another economic crisis and those who would need to worry most of all will be those thrown out of work, or on benefits at that time, because, of course, any cuts if there was no change in Labour policy, would fall most heavily upon them.

The second of my concerns with the Labour manifesto is its commitment to TTIP. I'm aware that it has said it will ensure that the NHS is excluded from this Transatlantic Trade and Investment Partnership but that is not enough. This deal with the USA appears to me, and many other campaigners, to provide legal backing to multinational companies to enforce their right to profit (whether or not they could actually make one) from the supply of services to the government or within what we now think to be the state sector. It is my belief that the entire TTIP agenda is wholly misplaced and represents a belief that wealth is only generated by private sector companies and never by the state. As I have argued, including in *The Courageous State*, this belief is wholly misplaced. [Mariana Mazzucato](#) has done more than anyone to prove this in her book *The Entrepreneurial State*. So in that case the endorsement by Labour of TTIP is worrying and appears wholly contrary to the philosophy I hope it would adopt.

Third, I think Labour is not clear enough about the scale of the problems we face and the need that there is for public spending. The reality is that there are very few cuts that can be made in UK public spending right now without imposing serious harm on the well being of people in this country, or harming UK economic prospects. To suggest otherwise is to deny the need for government investment to transform our economy, improve our productivity, and build the housing, infrastructure and sustainable energy and transport systems that will underpin our futures. The suggestion that cuts a possible also ignores the reality of the situations in which many people live where, despite their best efforts and longer hours at work, making ends meet is nigh on impossible. This is not because of their profligacy, but because of the demands of a rentier economy where exploitation, whether literally through rents, or through oligopolistic pricing and brand exploitation extract increasing amounts from pay that has not, in real terms, increased for many for a decade.

In that case I wish Labour would say that it will invest and make clear what in. And I wish it would defend the right to run a deficit until it can increase the incomes of people in this country by investing in their future. And I wish ti would say it is not going to apologise for borrowing to do this when financial markets are desperate to loan it money at ridiculously low rates to which there is no threat at all at present, or for the foreseeable future. But I think I will have to live in hope for that one.

In summary, my fear for Labour is that it is not willing to state clearly enough what is needed for this country. And that means as a result that it will not release the potential the UK has. And that's disappointing. Worse, by endorsing austerity and TTIP it could harm those prospects and that is worrying. Labour's made half a promise. The fear is that it will not deliver the rest for those who really need it.