Keynes is back

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This comes from a post by Jeremy Corbyn in the Huffington Post yesterday. In case of cynicism, I first read it there. What it says is important:

I stood in this race because Labour should not swallow the story that austerity is anything other than a new facade for the same old Conservative plans.

We must close the deficit, but to do so we will make the economy work for all, and create a more equal and prosperous society. Bringing down the deficit on the backs of those on low and average incomes will only mean more debt, more poverty, more insecurity, more anxiety and ultimately more crisis.

We must invest in a more productive economy. Our national infrastructure - energy, housing, transport, digital - is outdated, leaving the UK lagging behind other developed economies. In the Budget, the Chancellor cut back public investment even further.

You cannot cut your way to prosperity. We need to invest in our future. And that takes a strategic state that seeks to shape the economy so that it works for all.

This is, of course, what I have been saying for a long time now being put on a national stage.

And this is economic literacy. As Prof Steve Keen, Lord Adair Turner and Chris Giles from the FT (not usually a fan of my work, but expressing some agreement yesterday) all said at a meeting staged by Positive Money yesterday, the biggest obstacle to economic prosperity in the UK is the austerity narrative. There is, as a matter of fact, no way a government can cut its way to a balanced budget. As I said in Jeremy Corbyn's presence on Sunday night:

This economic policy will be developed, I am sure. But the principles of Corybnomics have been established.

Jeremy is saying that when you plan an economy you put the needs of the people of the country you’re representing first.

In case of doubt let me be clear what that means.

It means that people have priority over bankers.

Employees have priority over shareholders.

Tax paid has priority over top executive bonuses.

And housing, schools, and transport have priority over bailing out the finance sector.

And by doing those things Corbynomics will deliver four things.

It will deliver jobs.

It will deliver growth.

It will deliver increased tax revenues

And it will as a result — I stress, as a result, but inevitably nonetheless - balance the budget.

Or as Keynes put it, if you deal with unemployment the budget looks after itself.

In this country we have far too much under and unemployment. We have far too little investment, and at present we have no willingness to tackle this issue, which has been the core argument of the Green New Deal group for a long time.

Now we are getting that argument coming to the fore, and economists are saying it is right. Maybe, just maybe, this is the moment when we start to see real change.

As the FT noted this morning when suggesting Jeremy Corbyn might create real change:

Mr Corbyn would abandon Labour's nuanced approach to deficit reduction: until now the party has accepted the need for cuts, albeit more slowly than the Tories.

He would not be able to stop deep cuts to public spending in the autumn but he is more likely than his predecessor to try to whip up anger among the unions and voters.

I hope so.