

As I see it: the political divide

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The post I have just written [on John McDonnell's proposed fiscal plan](#) has within it the kernel of the message that does, for me, suggest why there is political difference in the UK and why some political parties have more potential, in my opinion, to solve the issues of poverty that drive a significant part of my interest in the tax debate.

Put simply, parties that are at present on the right of politics seem to believe that any action they take reduces the value of GDP and as such, overall, and in their opinion, leaves people worse off. That is because they think that the [multiplier effect](#) of an additional £1 of government spending is less than one, meaning 99p or less is added to income as a result of that spend. As a consequence they say spending cuts increase wealth and that their role as politicians is to reduce the size of the state and walk away from any issue that confronts them as quickly as they can.

Alternatively, parties on the left of politics think that when the economy is operating at less than full productive employment (as it has been for some time, and as is likely to continue for the foreseeable future) then an additional £1 of government spending grows the economy by more than a pound. This means that there is a multiplier effect of more than one. The consequence is that the parties who believe this think that additional spending is the way to solve problems, not just in itself but also because of the beneficial knock on effects this creates in the private sector and so in increased tax revenues, which in turn then helps balance the budget.

To nail this down to a message, the political right do not at present think they can solve economic problems by holding office and seek power to dismantle the possibility of problems being solved.

On the other hand, the left now think they not only are problem solvers but are convinced that when in power they can build positive solutions to the problems we face.

It's a choice, then, between politicians who think they can improve wellbeing and those who don't.

And between those who want power to help, and those who want power to prevent the state helping.

Or between self belief and self doubt.

Between courage and cowardice.

Between action and inaction.

Between responsibility and buck passing.

Between 'can' and 'cannot' in other words.

It really is pretty fundamental.

And it all comes down to something as basic as what we believe about the multiplier on government spending.

In which context I should add that the IMF and OECD, plus the European Central Bank, all now seem to believe the multiplier is greater than one. That is not proof, of course, but it seems to be a useful argument to me.

The choice is primal and stark, but also of enormous consequence. As a political economist it is at the core of my view of the role of the state. As a campaigner on poverty it suggests why political (but not party political) issues matter to me.

I wish the issue was made as clear as this to the electorate.