

Labour's fiscal rule is Osbornomics

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The debate on Twitter [between Simon Wren-Lewis, Jonathan Portes and me on Labour's fiscal rule](#) was resumed last night, and continued long after I'd dropped out to go to bed. I'll comment separately on my engagement later. What I instead want to do is give full credit to someone called [Darrell Kavanagh](#), who said this to Jonathan Portes:

And [secured this response](#):

At last we got to the nub of the issue here. First, Portes and Wren-Lewis don't do politics. It shows, I have to say.

Second, they don't think economics and policy are politics. I hate to say it, but nor do any neoliberals. Instead, economics and policy are for them 'the revealed truth', as they clearly are for Portes and Wren-Lewis.

Third, and rather tellingly, the result is a Labour Fiscal Rule that is the same as the LibDems approach and is, apparently, almost indistinguishable from anything Osborne did.

In other words, my suggestion that this is a continuation of the logic of austerity is right. As Darrell Kavanagh put it:

Precisely. To which Portes replied:

So, the drive for a balanced budget had nothing to do with the policy then, Jonathan?

I note you saying 'I can't speak to the politics' in the tweet I quote, above. Too true you won't, I am sure. Because four things are very clear.

First, this is Osbornomics.

Second, its use in the hands of the Bank of England - who it is intended to empower, again - will be to recreate Osbornomics.

And third, your rule strips away the power of the Treasury to stop that.

So, fourth, this rule is intended to re-establish the old economic order of neoliberalism, again.

And for the record, as Portes and Wren-Lewis think it should be used, that is what it would do.

I call that politics.

And I call that the politics that perpetuates all the errors of the pre-crash era (because this is also the Brown / Balls rule in all but name) as well as all the worst of the post-crash era.

And Jonathan Portes and Simon Wren-Lewis 'sigh' (to quote Portes) and think I 'seem to want to misunderstand' (to quote Wren-Lewis) at my comments, in an attempt to belittle them.

But I get what these two are saying. In fact, I got them entirely right. This is Osbornomics, as Portes has confirmed. And that's a million miles from where Labour should be. And I say that because I do speak to the politics. And I understand them. Which is why we differ, completely.