

# Rachel Reeves needs to develop some decent ideas very quickly

Published: January 13, 2026, 12:05 am

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Shadow chancellor, Rachel Reeves MP, explained her vision for the UK economy to the Peterson Institute in Washington DC, yesterday. You can watch the whole agonising hour here if you want. I watched it live.

<https://www.youtube.com/watch?v=kkUvwwZYdVM>

Labour also published a booklet to go with the event. [I can only find that here.](#)

There is [also a transcript available](#).

Reeves claimed that there had been two big mistakes made over the last forty years. The first, she said:

*The first of these is what I consider a fundamental under-appreciation of the role of government.*

*That error dictated that a government's primary economic imperative should simply be to get out of the way of free enterprise.*

It is hard to disagree with that. The second was:

*The second error flowed from the first.*

*It was the assumption that the people and places that matter to a country's economic success are few in number.*

*This misconceived view held that a few dynamic cities and a few successful industries are all a nation needs to thrive.*

*In Britain, this meant that the South East of England could forge ahead while the City of London and a few thriving industries could power our economy.*

*The result was a paucity of ambition for too many places, the hollowing out of our*

*industrial strength and a tragic waste of human potential across vast swathes our country.*

For these two reasons, everything went wrong. That's it.

No mention of Brexit. Nor of the decline in the quality of our democracy. No mention of the assault on trade unions or so many other freedoms. Or come to that the decline in many public services, let alone the pay of those who work in them, unless the first heading was to encompass all that. Instead, she offered a simple two-issue analysis with a focus on Red Wall seats. Not good enough, in other words.

The solutions were worse though. Everything hinges on one thing:

*I can promise today that a Labour government would be different.*

*Earlier this year, Keir Starmer announced that Labour will be guided by a set of missions.*

*The first of which is to secure the highest sustained growth in the G7 with good jobs and productivity growth in every part of the country.*

*I know how ambitious that sounds but that does not deter me.*

*Because I know we can build a prospectus for economic prosperity that allows Britain to embrace the opportunities of the future built on the rock of financial stability and economic security.*

She called this securenomics, a term we are going to become incredibly bored by.

So what are the foundations of this? First there was this:

*There's no going back into the single market or the customs union, with Labour we would make trade easier with Europe, and rebuild ties with our closest neighbours.*

Then there was, in the pamphlet:

*Stability rests upon robust institutions and on strong rules. Two years ago, I set out the fiscal rules which will guide the next Labour government and from which we will not deviate. I declared then that debt will fall as a share of GDP and that day-to-day spending must be sustainably funded. Everything Labour does in government will be in keeping with those rules. Every line in our manifesto will be fully costed and fully funded. The past year erased all doubt: it is Labour that is the party of economic responsibility and sound finances.*

So, Labour's promise is to be outside world trading blocs, to balance the budget, to never run a deficit to promote growth and to cap investment at levels set before

inflation hit and which have not been revised since when they were inadequate in the first place.

That's it.

Adam Posen, who chaired the meeting, asked in his first question how Reeves would tackle the problem of chronic underpayment to staff in the NHS and elsewhere which was crippling public services. She never answered. I think we can safely assume she has no intention of doing anything about any of this.

And her sops to green issues are all related to growth in green manufacturing and never to the changes in society that might be demanded.

In summary, Reeves gave no real hint whatsoever, as to where she thinks growth might come from, and yet everything that she says, is dependent upon her, finding that growth in an economy, where there is no reason at all for it to happen.

And worse, in one of the few statements that she made that gave a hint of her policy thinking, she said she wants to encourage the growth of savings in shares in the UK because she thinks that this will unlock the potential in small businesses in this country. As a result, she indicated two things. One is that she has adopted the ideology of Margaret Thatcher. The other is that she does not understand that share capital, particularly in the form in which small savers can invest, does not now almost ever provide any working capital for business.

Reeves is a person out of time, out of ideas, and right now with no answer to any question that might reasonably be asked of her. It's very depressing.