

Reeves is promising to fail

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The Labour Party was socialist, once upon a time. This was Clause IV of its constitution as drafted by the Webbs in 1917:

To secure for the workers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible upon the basis of the common ownership of the means of production, distribution and exchange, and the best obtainable system of popular administration and control of each industry or service.

This was, in effect, a commitment to the nationalisation of the economy.

Tony Blair was not the first Labour leader to want to reduce this commitment. He succeeded in changing Clause IV to say:

The Labour Party is a democratic socialist party. It believes that by the strength of our common endeavour we achieve more than we achieve alone, so as to create for each of us the means to realise our true potential and for all of us a community in which power, wealth and opportunity are in the hands of the many, not the few, where the rights we enjoy reflect the duties we owe, and where we live together, freely, in a spirit of solidarity, tolerance and respect.

The differences are obvious. However, since few thought we really needed a fully nationalised economy (and I do not, I stress), the reasons for the change are clear, despite which there are still strong social democrat commitments in what this statement says.

On Friday Rachel Reeves told [the Financial Times](#):

“The message for the next election is the risk of five more Conservative years of chaos and instability, not knowing that what you vote for is what you’re going to get, or you could have a changed Labour party with stability at its core.”

She added:

“There’s no substitute for business investment, business innovation — it’s not government that creates jobs in towns and cities across the UK.”

Reeves says Labour has changed. It has. Blair’s Clause IV could be related to the Webb’s 1917 version. These comments by Reeves and the founding philosophy of Labour cannot be reconciled. There is no point trying: it is simply not possible.

Worse though, the claim that Reeves made is straightforwardly wrong.

Of course the government can create jobs in towns and cities across the UK. It is an insult to all those working in the NHS, education, the police and other emergency services, social care, councils and many other services to suggest that the government cannot create employment when so very obviously it has created those jobs. What is more, we all know is that we need more people engaged in these tasks. And we could have them.

But that is not what Reeves is really saying, of course: she knows her claim is not true at the level at which it was no doubt said, and reported. What she instead means is that government cannot create these jobs without what she thinks to be the value-added created by the private sector.

In saying so, Reeves states a position normally adopted by the likes of the Institute of Economic Affairs. It is the argument of the economic right wing that all value is created by private enterprise. They also argue that all money is created by profit-motivated business. They also suggest that government action is a drain on private sector activity which it crowds out, and that as a result state activity must be limited in scope. All these ideas are obviously implicit in what Reeves had to say. I have no doubt she believes them even though there is not a shred of truth to any of them.

Privatised sewage proves that the private sector does not add value. Nor does it provide investment. And it literally drains the lifeblood out of well-being.

The privatised rail network has done much the same thing: in essence, it has failed, which is why it is now back under state control.

And then there is the energy sector, which has so obviously acted against the best interests of the people of this country, whilst dismally failing to deliver the investment in renewable energy that we need. Indeed, the National Grid appears to have done everything it can to delay the transition to sustainability by denying renewable energy access to markets even if investment takes place.

Meanwhile, schools, hospitals, social care and the justice system are failing for lack of care.

And all this is happening whilst average tax burdens are at record highs - unless, that

is, you are very wealthy, when [you pay significantly less of your overall increase in financial wellbeing in each year in tax](#) than do those with lower levels of earnings, as the Taxing Wealth Report has shown.

Nor it is the private sector that is creating jobs at present in the UK. That is because smaller businesses are not investing because interest costs make that impossible and their survival doubtful, whilst larger businesses are exploiting the current situation to make excess profits.

It is only the state that can create any significant new jobs at present.

And it has the means to do so. It could tax more, as I have shown. But Reeves has said she will not do that.

And it could borrow more - and people want to save with the government (and remember the so-called national debt is just private wealth saved with the government: there is nothing more to it than that). But Reeves says that she will not allow that.

What is more, if necessary the government could create more money: there is no reason why it should not. And if there is an inflationary risk, it could tax more.

But Reeves denies all this. She says she can do nothing until the markets have generated wealth that she might then spend.

So, her logic is that we need more pollution so that we can afford sustainability.

And that we need more processed foods before we can tackle health care issues.

There are many other examples.

The logic is so bizarre it is truly unreal.

It is also disastrous.

Not only is this a recipe for more of the same as the Tories have delivered - which even they now realise has failed, even if they have no idea how to deal with it - it also indicates adherence to utterly failed economic ideology that is totally alien to Labour.

I have never thought myself to be a socialist. It is too materialist for me. I also see a serious role for private enterprise in any economy - so long as it sees itself as a part of and not superior to the role of society itself. But what I do not buy is the idea of the supplicant state implicit in Reeves' thinking, where government is reduced to asking business owners if they might fulfil government wishes and maybe, if they really would not mind, pay a little tax as well.

Reeves is proving herself a cowardly politician: one who believes that whatever the

issue is the market can deliver better than the state meaning she should do nothing.

So too, incidentally, is Sunak. For example, Sunak has said HS2 will reach London if the private sector pays for it. Labour is saying there will be 300,000 social houses a year - but only if the private sector pays for them.

This is not a Labour Party that has changed for the better. I do not demand socialism. I do want a commitment to a mixed economy. I do think business has a role. But if that role is alongside a feeble state then business has no chance of delivering and we all lose. And that is the promise that Reeves is making.