

Rachel Reeves could not have done worse than this

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I published this new video this morning. In it, I argue that if Rachel Reeves wants to go down as one of the worst Chancellors in history, then she set about establishing her claim with yesterday's 'blame the Tories for things we all already knew' speech. When her ambition is to penalise pensioners but let the rich off tax increases you know from the outset how badly she's misjudged the mood of the country.

<https://www.youtube.com/watch?v=iUAkXt7Tq6I>

The audio version of this video is here:

https://www.podbean.com/player-v2/?i=cqz2y-168326b-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=60a0c8&font-color=&logo_link=episode_page&btn-skin=ff6d00

The transcript is:

As I record this, Rachel Reeves has just sat down in the House of Commons, having claimed that "we cannot do what we cannot afford".

I do not believe that she chose that phrase by chance. I think it was entirely deliberate. It is a complete misquotation of Lord Keynes, John Maynard Keynes, the man who is credited with creating the post war prosperity, built of course on the foundation of Labour thinking.

He said, "we can afford whatever we can do". And Rachel Reeves is saying, "we can only do what we can afford".

These two statements are in complete contrast to each other. One says that the government can always find the money to do whatever is possible within our economy. She claims that money is constraining us and, therefore, there are things that we cannot do even though we might want them.

Which of those two thoughts is right? Well, of course, Lord Keynes was. He was a somewhat better economist than Rachel Reeves will ever be a Chancellor of the Exchequer.

And let's summarise what Rachel Reeves is saying.

She claims that the Tories misrepresented the truth in their last budget. They did. As a matter of fact, she's right. She claims there's a black hole of £22 billion, and everybody thought there was a black hole of £20 billion in their accounts, and no one should be surprised as a result that she's discovered what was always there to be found. It's like saying, "Your Christmas present is behind the sofa", and when you go behind the sofa, there it is. What a surprise. Yet, she is trying to feign that.

I put out a tweet saying the only person who deserves an award for Rachel Reeves' performance this afternoon was whoever taught her drama, because she most certainly put on a good act, but there was nothing of substance in her claim that she has discovered a black hole.

What there was of substance in this statement is that she intends to deliver cuts. Sure, she has delivered the pay rises that were due to teachers and nurses and junior doctors. And in total those will cost £9 billion a year.

But it's entirely true that the Tories did not budget for them because they did not wish to recognise those claims. In fairness, you can't deny it. They were refusing to make them, therefore they didn't budget for them.

Labour has recognised the need to pay for them and has, therefore, to budget for them as a consequence. I'm not sure she can blame Jeremy Hunt for that, even if he was wrong to refuse to make the payments.

She also claims there was £6 billion of unbudgeted asylum costs, but it's not clear quite where they're coming from.

And she claims there were unbudgeted costs for Ukraine, although she didn't announce what the number was.

What she did say was that a number of other schemes were going to be cancelled. And in fact, the message throughout her statement was "Wait for the austerity to come."

There won't be a tunnel under Stonehenge now, which actually is no loss at all.

There will not be expenditure on a whole load of rail investments, which would have regenerated large parts of the north of England, but which won't happen, as if she doesn't care.

There won't be expenditure on many other infrastructure projects, including piles of hospitals. Good luck to the people of King's Lynn, who've been living with a hospital held up by scaffolding poles for some time now. There's little chance those poles are going to be going away any time soon, or that they will have a hospital where the ceilings aren't at risk of falling in at any moment. Thank you, Rachel Reeves.

But for those departments where pay rises were being delivered, there was also news of further austerity. She's demanding at least a third of the money that she's going to spend on pay rises back by way of cuts.

All in all, this message is dire. What she's saying is that the Tory's planned to spend an extra £20 billion and bluntly, that she won't and that she's also going to recover money from other parts of the budget that they had announced. And in particular, she's not going to invest.

She'd already cut the spending that was proposed on the Green New Deal - government spending on the green infrastructure that we all know is necessary if we are to survive climate change.

Now she's going to cut spending on roads, on transport, and by the sound of it, on government's own energy systems rather than those with the private sector through GB Energy.

She's going to be cutting, therefore, the true level of spend that will underpin growth. And that's what she says she needs. And yet, everything about this budget is ridiculously penal on the economy.

It's also ridiculously penal on real people. Old age pensioners, who are not on pension credit or some other form of benefit, are going to lose the winter fuel allowance.

Now, let's be honest, I'm an old age pensioner. Did I need that winter fuel allowance? No, not really. You could call this a very crude form of means testing. But there are vast numbers of pensioners on very low levels of income for whom that payment is really important to help them get through the winter.

But there was no announcement of any measure at all to increase tax on the wealthy, which could have meant all this austerity could have been avoided.

The claim that there is no money left, that she can't afford to do things is nonsense. There is ample money in the UK economy to deliver everything of which we are capable.

But she is choosing not to deliver that of which we are capable, in the form of adequate public services, the investment that we need, the changes to infrastructure to manage climate change that we need, and so much more. She's choosing to underperform so she can balance her books.

There is nothing much worse that a Chancellor can do than that.

She's set out her cards. She's laid out the table. She's said what she's going to do as a Labour Chancellor. And it is to deliver more austerity.

God help us all, because this is going to be a very long five years on the basis of this announcement. She's determined to be one of the worst Chancellors in history if things go like this.