

Funding the Future

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The overwhelming impression Labour has given during its first few weeks in office is that it has no idea about why it wanted to be in government, or what it will do with power now that it has it. After fourteen years in opposition that appears quite extraordinary, except that it reinforces the idea that the whole Starmer project to date has simply been about defeating Corbyn. But in that case, it's fair to ask, where is Labour going?

<https://www.youtube.com/watch?v=0IEurr5aevw?si=4iKhS8q1w1Y6VGxS>

The audio version is:

https://www.podbean.com/player-v2/?i=9r233-16d40c9-pb&from=pb6admin&share=1&download=1&rtl=0&font=Arial&skin=c73a3a&font-color=&logo_link=episode_page&btn-skin=ff6d00

This is the transcript:

Where is Labour going? I think that's a really important question after the vote on the winter fuel allowance.

We all know that that vote was not necessary.

We all know that Rachel Rees did not have to try to claw back £1.5 billion as a consequence of taking away this allowance from maybe 10 million pensioners.

We all know that if all of the pensioners who qualify for pension credit now claim it, she

will get no net gain.

So, what does that tell us about Labour thinking? Because I am presuming that there is some thinking behind what they're doing. That might be generous, but I'm going to carry on with that assumption.

What are they actually planning to do? And I'm guessing here, and I think that's a perfectly fair thing to do, because none of us know that if this is an indication of things to come, what it implies is that Labour is going to impose ever increasing means testing on access to what we might call the welfare state.

So, for example, might Labour follow up this denial of benefits to the elderly, which has been easy for them to implement, with a further denial in due course, which is to simply deny the state pension to some people because they earn too much? Why wouldn't they? If they believe that there is no requirement to support pensions as a universal benefit, and that's clearly their thinking behind the Winter Fuel Allowance, then they might move to the position where the entitlement to the state old age pension that is implicit in the payment of national insurance throughout a working life might also be denied.

Now, that would, in effect, be a breach of a social contract that has existed since before the First World War, where the payment of a contribution in the form of national insurance did give rise to an entitlement to a benefit at the age of 65 then and now at ages a little above that.

But would Labour be willing to break that to maintain its fiscal rule? I seriously wonder.

And if that's the case, what else might it try to means test?

We can see some other things going quite quickly, I suspect.

For example, people over the age of 60 now get free prescriptions from the NHS. I have a very strong suspicion that will go.

There's also a real prospect that those who are not on pension credit might lose the entitlement to free prescriptions throughout old age, which would be a massive tax on the elderly, but which might be something Rachel Reeves will claim we can't afford to deliver anymore.

And there are other worrying directions of travel as well. Looking at another subject which has come up very early in the life of this parliament, let's look at the future of the BBC. Now, this has been on the Tory agenda for 14 years. It's well known that the Tories hate the BBC. It is a state corporation, and pretty much as a matter of ideological faith, you have to hate state corporations if you're a Tory.

That has not been the foundation of the belief of the Labour Party. They have

traditionally been in favour of the existence of state corporations.

But right at the beginning of this Labour government's trajectory, Lisa Nandy, who is now responsible for the future of the BBC, has suggested that maybe it should be mutualised.

Now, mutualisation is an interesting concept. It used to be widespread, and there are still a few examples of that. For example, the Nationwide Building Society is still a mutually owned company of substantial size.

I happen to use the Nationwide Building Society. It's one of the few remaining banks in Ely in Cambridgeshire, where I live. And therefore, why not use it? I also happen to like the fact that it is mutual. In other words, it is owned by its members. And what Lisa Nandy is suggesting is that the BBC cease to be a state corporation, effectively without any control by shareholders, but direct control by government through its board, and instead become a shareholder-owned corporation, with all those who pay the BBC licence fee becoming the members.

So there would be millions, many millions, of households who would be paying the licence fee who would become members of the BBC as a result. What power do you think each of those members might have over that corporation? I think we can safely presume that it is the square root of not a lot. Call it no effective control at all, if you like.

So why is there this sudden interest in mutualisation? Well, that's easily explained. Labour has seen that in the past mutual companies have ended up in the private sector. Many of our building societies passed from being mutual companies into being private companies. during the course of their career, particularly early in this century.

Northern Rock shifted from being a mutual to being a quoted company. So did the Alliance and Leicester, which ended up somewhere after it failed in 2008, and so did Bradford and Bingley, and so many others, all of whom seemed to go to the wall at that time. There is an unfortunate history here.

When you have no control over the company that you supposedly own a part of and somebody comes along and says we'll pay you £250 for something which you place no value on, then vast numbers of people will queue up to sell, I guarantee you. In other words, what Labour is looking at is how to offload the BBC with ease.

But that indicates something much deeper and more profound, apart from its lack of faith in the public sector, of course. It is showing that it does not believe in the virtue of state control. It believes, as is normal amongst neoliberal thinkers, that any organisation is better controlled in the private sector than it is in the state sector. And I believe that is the trajectory we are looking at with regard to the BBC.

If that happens to the BBC, one of the great institutions that has identified Britain and separated it from other countries, although it's a deeply tarnished organisation now compared to what it once was, then what else might this happen to?

Might you become a mutual member of the NHS at some time? I think that's entirely possible. I think we're paving the way for that as well. And then, mysteriously at some point, somebody will offer to buy out your interest in that as well.

So what we are looking at is a Labour Party, and I've only used two examples but I could find more, that is doing things which in the past we would have found it very difficult to believe Labour doing. Means testing of access to what we thought were universal rights. Basically, access to a pension, but I have little doubt, in due course, access to other things as well.

And, the mutualisation, as a precursor, I am quite sure, to privatisation of something which has been so identified with the state for a century, with, I believe, the NHS potentially in line to follow in its path.

This is not what I expected Labour to do, but it is where I think Labour is going, and that really troubles me.