

## Funding the Future

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Martin Wolf of the FT said this week that only economic growth can save democracy. Yet his economics serves only the wealthy.

When workers are sacrificed, rents soar, and insecurity spreads, as he demands so that growth might grow, come what may, then democracy is weakened — and fascism thrives.

It's time to build instead an economics of care: secure jobs, strong public services, and ecological balance.

<https://www.youtube.com/watch?v=0fmz6PCF2pQ&si=vljMWksfw7D0hQaT>

This is the audio version:

[https://www.podbean.com/player-v2/?i=h762d-19abd00-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo\\_link=episode\\_page&btn-skin=c73a3a](https://www.podbean.com/player-v2/?i=h762d-19abd00-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a)

This is the transcript:

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Martin Wolf had an article in the Financial Times this week that was, in my opinion, so wrong, it was excruciatingly embarrassing, and at the same time, deeply dangerous.

Martin Wolf, to put it in context, is a man who is, I think, quite a bit older than me and has been writing for the FT since they used quills, as far as I can remember, and the point is that he is a symbol of the old view of economics in this world. He is, in my

opinion, a neoliberal to his core.

And what he said was that Rachel Reeves must get growth at any cost in the budget that is coming up in the UK, because otherwise the world would no longer make sense, and democracy depends upon the idea that we have growth, whatever the consequences for the people who are sacrificed in the process of creating it.

That, to me, showed not only a callous indifference to the facts of the economy as they now are, but a callous indifference to the people who work in the economy as it now is. And in doing so, Martin Wolf seemed to represent the whole view of the financial elite, who think that their gain must come, whatever the cost to the rest of the world, and I think that's worth talking about.

Economic growth does, according to Martin Wolf, make democracy possible. His claim is that we saw the explosion of growth, particularly after the Second World War, because of rises in productivity, rises in level of consumption, rises, therefore, in well-being, and we all felt good, and therefore we believed in democracy and voted for parties who, he claimed, delivered it, even though I think we can all question whether that was really true or not.

And so he says that now only growth - continued growth - can protect democracy from the challenge that is coming at it from fascism. And let's be clear, that's where the challenge is coming from. So he says, Labour must prioritise whatever is required to get growth. But this, in my opinion, is a dangerous delusion, although unfortunately one obviously shared by Rachel Reeves.

The facts do not support Martin Wolf's argument. The mid-20th-century boom, which began to fizzle out as that century came to an end, was a historical anomaly. Cheap fossil fuels and ignored externalities, and exploitation of our planet created this myth of growth, which was clearly unsustainable.

We know that world has gone. Climate change is real. We know we must tackle it. To pretend, as Martin Wolf does, that somehow or other planetary boundaries no longer exist and do not constrain the economy is just, well, I can't find another word for it but stupid, because clearly that cannot be true. You cannot have infinite growth on a finite planet. That is a mathematical, absolute impossibility.

But there's something even worse than that. What Martin Wolf argues is that people must be sacrificed to this growth. He says that unless we allow now for flexibility within the economy - which means we should allow for the creative destruction of industries that already exist - and that we should allow for the sacking of the employees who work in those industries with much reduced compensation - and that people must be willing to be flexible about where they'll work and what they'll do, creating massive insecurity for most people in the world - then we can't have growth.

But in that case, we have to ask the question, what do you want growth for, Martin Wolf? What is the point of growth and democracy, which he claims to support, if the consequence is people who are living without labour rights? Who are living in fear of losing their jobs? Who are living in fear of having to move to find work, but know they won't be able to move because they haven't got any capital or savings to let them do so, and that the cost of moving, wherever they might go to, may well mean that they have to pay over half their wages in rent because that's the price that is extracted from people just to put a roof over their heads.

He's demanding a sacrifice of people so that profit can be made. Profit for the few who are represented by him and his newspaper. He's arguing that we must have upward redistribution of wealth because he says that's a precondition of democracy. And yet it's that precise upward redistribution of wealth and the increase in inequality that makes people now realise that they are being left behind, which is driving fascism and not an absence of growth.

If people knew they had secure homes; if they knew their children were safe; if they knew they could have an NHS that worked; if they knew they could have a pension in old age; and if they knew that there was a social safety net to look after them if they were unable to work - something that Wolf claims we should get rid of - then they would not be looking at fascism. They would instead be thinking about the merits that the state is providing to them. But they can't do that because those things aren't being provided.

And Wolf doesn't want them to be provided because he believes that we need a smaller state and a larger private sector, because he believes that is the precondition of growth. And he wants, therefore, to harm workers to deliver that growth, even though they won't benefit from it.

This is 19th-century language, not 21st-century language. But it's more than that. He pretends that the state is powerless if there is no growth. The household budget analogy runs through everything he says. His argument is that if there is no growth, there can be no extra taxes, and there can therefore be no services because the state can't take more to meet needs. He's wrong. A currency-issuing government can never run out of money. And it's political will and not money that is, in any case, the constraint inside our economy.

If we need more basics, and I've just explained that I think we do, then the foundations of growth in our economy will not come from expanding the private sector, which by and large serves the needs of the already wealthy, because that's where most of the consumption goes. Instead, growth can only come from expanding the state, and the state can be expanded is my point. We can meet all those basic needs, but we would need to increase tax as a result, not because tax pays for any of those things - because it doesn't; we know that's the case - but because we would need to reclaim the money that the government has injected into the economy to create that growth by way of

taxation. And who should pay the most? Those, of course, with the greatest capacity to pay, who are the wealthy.

But Wolf's argument is that it is redistribution that is suppressing the incentive to grow. Apparently, the rentiers of the world won't invest more in their profit extraction unless they're allowed a greater share of it, by way of reduced taxation, in other words. And again, Wolf is wrong. Tax justice frees real resources for redistribution within the economy. It does not remove money from the economy. And if he understood anything about multiplier effects - and Martin Wolf does know how economics work and hasn't forgotten such things, but he has forgotten their political relevance - he would understand that.

Democracy really requires safe homes, universal care, education and participation, and the tackling of climate change to provide a safe and secure future in which people won't need to worry, when, at present, too many people are living in fear.

A politics of care would stop chasing GDP for its own sake, which is exactly what Martin Wolf is doing.

A politics of care would use existing resources to meet human needs, but that's not what he's doing. He's using up humans to meet the needs of the markets.

A politics of care would measure well-being and not consumption. And things like improving the incomes of the poorest would be one of the indications of an increase in well-being that supports everyone.

And the politics of care would build resilience and not bubbles, which is exactly what Martin Wolf wants.

We are living in a world which is already stressed beyond its limits, and with financial markets, which are inevitably going to crash. And yet Martin Wolf wants to push things even further.

We must stand back from this type of politics, this type of economics, this household analogy-based myth that Martin Wolf wants to talk about. We need to live in a world where we get our priorities right, and our priorities are not making more profit for the benefit of a few, even if that pushes up GDP.

We need to fund the NHS and social care properly, and we need to rethink what is making people sick in our economy, including tackling the underlying causes of that, like ultra-processed food.

We need to build green housing at scale so people can live in safety and security, knowing that their children can be brought up in a place where they can have friends throughout their developing lives, which is the foundation for their long-term mental health.

We need to guarantee full employment at living wages and not wage insecurity, which is what Martin Wolf has on offer.

And we need to invest in the climate transition.

After that, we need to make sure that technology enhances life.

None of those things are going to happen if Wolf gets his way with his growth obsession, because that threatens ecological collapse. It demands that the state is shrunk and it demands that profit rules and everybody else, including democracy - the thing he says he supports - must suffer as a consequence.

His attitude is that people must be sacrificed to a statistic, which is: 'Gross Domestic Product', the so-called national income. That is the ideology that is killing our future. Democracy must free us from that growth ideology. We must understand that the state has the power to free us from that growth ideology because it creates the money and is the guarantor of stability within our economy that nothing else can provide.

The state must act for people and planet. Care must come first. And we need courageous politicians - politicians who will stand up and say this - when we have cowardly ones like Rachel Reeves, who'll give in to every demand that Martin Wolf puts on her desk.

It's time we also had a media that understood people come first, and that even there, they're not just consumers, but always participants, and that profit never happens unless you take people with you.

The economic world has forgotten that last point. We have to take people with us. That's the basis of democracy. That's the basis of true prosperity. And the likes of Martin Wolf seem to have forgotten everything about that, and that's why we need to move on from them. We need a new economics of care.

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