

What Rachel Reeves is signalling in advance of her budg...

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Rachel Reeves has published [her pre-budget pitch](#) in The Guardian this morning.

In it, she claims that the economy has “strong foundations”, that interest rate cuts, trade deals and inward investment show Britain is “a beacon of stability”, and that Labour has already begun to turn things around. That, however, is just a political smokescreen for the actual messages in what she has to say.

First, she admits that UK productivity is weak and has been since the financial crisis. She blames austerity, Brexit and Covid, but insists we must not revisit the issue of EU membership. In other words, she recognises a significant cause of our problems and then refuses to do anything of much substance about it.

Second, she promises investment in hospitals, infrastructure, energy, defence and jobs and frames this as the route to growth, rejecting a return to austerity. That sounds optimistic, but there is a catch because, third, she insists this investment can and must occur within her fiscal rules. She wants to pay off the country’s debt, keep a grip on the public finances, whilst preventing what she calls a Truss-style loss of market confidence. She says a progressive government cannot justify the current levels of debt interest, but entirely ignores the fact that action on this issue is very much under her control if only she had the courage to take action, which she has not.

Fourth, she sees closer (unspecified and so far unnegotiated) ties with the EU, planning reform, and new trade deals as the long-term decisions needed for recovery. I do not.

Reading this makes clear that, as far as Reeves is concerned:

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Private markets remain the judge of her policy. No one else matters.

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Debt remains a constraint, imposing limits on what Labour can do, when that is not true.

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Growth remains the measure of economic success, even though, [as I have argued elsewhere this morning](#), that's a metric well beyond its use-by date.

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Government investment must justify itself to financial markets, not to the public interest.

Whilst Reeves' rhetoric rejects Conservative austerity, the reality is that her logic remains entirely familiar, and consistent with that approach: she insists that the state must earn permission to act by proving itself responsible to bondholders, which is precisely the logic that has always promoted austerity.

The real questions that need answering are very different from those that Reeves is asking herself. Most especially, what she has to answer is how, if investment is essential, but the government still thinks it must first pay off debt before it can invest, can the UK economy ever break free from decline? That unresolved contradiction is right at the heart of what Reeves is proposing. I will answer it in a series of posts I am now planning on the Budget I would be delivering this autumn. They will start soon.