

Ryan Bourne: A reassuringly conservative speech from Starmer's Shadow Chancellor. The Tories will need to up their game.

Ryan Bourne

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Just in case the Conservatives hadn't got the message: Labour under Keir Starmer is a very different beast to the party under Jeremy Corbyn.

During the past fortnight, the Labour leader has parked his tanks on conservative lawns, talking first of Labour as "the party of the family," then setting out a foreign policy vision of the UK as a "bridge between the U.S. and Europe." Annelise Dodd's [Mais Lecture on economics](#) was perhaps more striking still in the break of tone and type of criticisms made of Conservative policy compared with the last leadership.

Gone were the unhinged attacks on "neoliberalism" that characterised Corbynite bloviating. The fault-finding was specific and targeted. Dodds acknowledged the difficulties any government would face in a pandemic. Her surgical critique was that the UK's Covid-19 outcomes were worsened by government foot-dragging on tightening lockdown restrictions, and Treasury attempts to fine-tune the balance between economic and public health.

Specifically, she claimed that its mixed-messaging on financial support to businesses, first delivering it and then threatening to withdraw it based on firms' "viability," created needless uncertainty. With the vaccines hopefully soon ending the pandemic, she argued that supporting firms until reopening was now more prudent than letting the chips fall when furlough ends in Spring. On the balance of costs and benefits, most economists would probably now agree.

There was little Corbyn-like wailing about past "austerity" either. Dodds' criticisms of the last decade of government fiscal policy were restrained, and more plausible for it. She claimed that some spending cuts may have adversely impacted the pandemic response; that 16 fiscal targets coming and going since 2010 has created instability; that there should be more focus on the long-term public finances rather than the short-term; and that rapid deficit reduction coming out of the pandemic (including tax hikes, as [Rishi Sunak reportedly wants](#)) would be economically destructive. All these criticisms, individually, would not be surprising in ConservativeHome [op-eds](#).

Yes, Labour still wants a bigger state than the Conservatives. Yet unlike many on the Left, Dodds appears under no illusions that running up debt is riskless or a free-lunch. "...it would be an irresponsible economic policymaker who planned on the assumption that low interest rates will continue indefinitely," she said, while musing about a longer-term inflation risk. Her new "fiscal framework," focused on planning to balance day-to-day spending and tax revenue, would be based on the recommendations of the Institute for Fiscal Studies.

Now none of this is particularly exciting. The speech was littered with boilerplate progressive assertions and the usual touching faith in the power of government. But it's telling that Dodds actively shirked the opportunity to announce some glitzy new retail offer to grab newspaper headlines. There was no promise even of a Labour government "creating" high-wage jobs, or "transforming" the economy.

Instead, the speech was quintessentially small-c conservative. Labour, we were told, would protect the independence of the Bank of England, be "responsible" with the public finances, embrace free trade, protect businesses from Covid failure, focus policy on thorny structural problems rather than chasing day-to-day media coverage, and deliver "value for public money" from government spending.

Indeed, peer through the mundane parts of the speech, and you see a rhetorical critique of the current government that wouldn't have looked out of place coming from Conservatives a decade ago. Dodds' subtle message was that government decisions on infrastructure and procurement contracts were often determined more by short-term, pork-barrel political considerations than sound economic judgment, bringing with them at least a whiff of crony capitalism.

The speech highlighted waste and mismanagement through Covid-19, for example, including on the test-and-trace programme and the purchase of faulty antibody tests. Any errors are more forgivable in a pandemic when there were potentially huge returns on such investments and time is of the essence.

But those types of criticisms will likely amplify with Conservatives' newfound penchant for large regional infrastructure projects (prone to massive cost overruns) and place-based revival packages (prone to political cronyism). Again, the argument that Conservative economic decisions are politically-motivated and wasteful is a very different attack than the more ideological opposition from Corbyn and McDonnell.

None of this is to say that all of Dodds' analysis is coherent or correct. The theme of the speech was "resilience" – that is, how the pandemic shows the need for an economy robust to future shocks. Mercifully, Labour has not jumped on the bandwagon of saying the pandemic proves we need the government to actively re-shore a whole bunch of medical manufacturing production—the braindead, yet widespread "fight the last war" recommendation of those unable to conceive of shocks originating here. Yet there was still a bit of a "this crisis proves much of what I've always believed to be true" about her analysis.

Dodds suggested, for example, that a lack of savings among the poor, job insecurity among gig economy workers, and "socio-economic inequality" all help explain Britain's poor Covid-19 outcomes. Perhaps on the margins those factors did make things worse. But the overwhelming reason why the UK has performed badly so far relative to countries such as South Korea, Taiwan, Australia, and New Zealand, is surely little to do with the labour market or macroeconomic policy, and almost entirely explained, to the extent that policy can actually explain things, by public health decisions at various times.

It is within Labour's comfort zone to say reducing inequality and strengthening workers' rights would have mitigated the costs of this pandemic. It would have been braver for them to expose failures in government bodies: say, Public Health England, whose centralisation of testing proved a disaster; or the NHS, with its systemic rationing reducing the incentive for spare capacity; or government scientists, who downplayed the early need for tough measures and told

people mask wearing was unnecessary. If they really want “resilience,” they would surely explore the future case for deregulation in medical innovation. Earlier human challenge vaccine trials, for example, could have sped up delivery of a working vaccine, negating much of the last year’s pain.

Such a broad evaluation was perhaps always too much to hope for. But this speech proved that Labour is developing a more refined critique of the Conservatives. This is not the sort of emotional “blood on their hands” or anti-capitalist screeching we saw from Corbyn’s Labour.

Instead it is a crisp focus on the need for decisiveness, competence, and propriety in delivering effective government. The upgrade in opposition may well, in time, sharpen government decision-making. But a party with half-baked plans to rebalance the economy through massive infrastructure projects and shifting around government departments, led by a Prime Minister known for making late calls, may find such criticisms difficult to shake off.

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