

# THE TIMES

## Labour finally realises you can't simply throw money at every issue

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Sir Keir Starmer wants to put faster economic growth front and centre of his party's offer to voters. If Labour wins the next election, he has promised an end to “sticking plaster” politics, with five headline government “missions” to “fix the fundamentals”. Faster economic growth would be one such mission — and the overwhelming priority.

By the end of Labour's first term, Starmer's promise is to “deliver the highest sustained growth in the G7”. Do voters care if the UK is growing marginally faster than, say, Italy by 2028? Probably not. But the pledge at least focuses attention on something desirable and achievable. Ageing populations are slowing growth everywhere. Sustained growth means growth driven by improving the country's underlying potential, not sugar-rush stimulus.

Starmer is right about its central importance as the “oxygen of our ambitions”. The IMF's forecasts for 2027 are a rough proxy for sustainable growth rates. According to those figures, delivering his pledge would raise our annual growth from 1.5 per cent per year to just above America's 1.9 per cent. That would mean UK GDP being more than 4 per cent larger than otherwise after a decade, and 12.5 per cent larger after 30 years. This would improve living standards and the public finances substantially.

Anyone can say they favour faster growth, of course. For now, there's a paucity of actual Labour policy meat on the bones of the pledge. What's interesting, however, is how Starmer sounds very much like the American “supply-side progressives” in his willingness to question his own side's shibboleths to deliver it.

Ezra Klein, the New York Times columnist, says leftwingers have an unfortunate blind spot. They always prioritise government subsidies and more redistribution to poorer families. What they neglect is the “supply side” of the economy — its capacity to actually produce goods and services. This harms their cause. Pumping subsidies into sectors with unresponsive supply

merely drives up prices. Throwing funds into unreformed public services entrenches dissatisfaction and stasis. Decarbonisation is undermined as a goal if environmental or planning rules make renewables expensive or slow to build. Progressives, Klein thinks, should therefore focus more on removing whatever barriers exist to getting things done — improving efficiency and bearing down on costs.

Rather than blind ideological commitments to raising spending, he therefore recommends using bold government missions to create a prism of focus. Policy should then be geared towards incentivising the enhancement of the supply of the relevant goods or services — even if this requires institutional or market-friendly deregulatory reforms.

Starmer has clearly been influenced by this narrative. His missions might include airy goals to “build an NHS fit for the future” and to “make Britain a clean energy superpower”. In advocating for them, however, he’s criticised the idea that spending is ever enough. Remarkably, it’s now Labour leading the conversation about modernising central government and using the private sector to enhance the NHS.

Yes, talk is cheap. It’s not clear yet that Labour has good answers to how to prevent vested interests from blocking growth, nor recognises how to trade off its “missions” when they conflict. Just this week, Angela Rayner, its deputy leader, pledged to require firms to publish “menopause action plans”. How does this square with the promise of a relentless focus on the priorities Starmer outlined?

Since Gordon Brown’s premiership Labour has become obsessed with arguing that more money could solve problems. However much remains unanswered, Starmer is clearly taking it in a welcome new direction — one in which regulatory reform and institutional effectiveness are given more weight relative to just splurging taxpayers’ money.

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