

ALTERNATIVES TO AUSTERITY

There is an alternative to austerity. The crunch of 2008 was the result of the pressures of our consumer society and an unregulated finance system; people borrowed too much and banks were too willing to lend. Now people and businesses are paying down their debts, businesses contract haphazardly and workers are laid off.

The Coalition's reaction was to use this as an excuse to impose austerity – in order to cut the debt, especially the government's deficit – while doing little to strengthen the economy. The winners are those who absorb corporate surpluses, the chief executives and the shareholders. The biggest losers are the unemployed, the low paid and the vulnerable, especially those who depend on public services. Labour plans to match the Tories' 'fiscal envelope' for Departmental spending – code for more austerity.

We think the economy should work for us all. We want a One-Planet economy that will address the challenge of climate change and unacceptable levels of inequality. We have to throw off the shackles of market ideology and consider afresh what really needs to be done. We need to:

- Ensure that everyone who wants one has a *decent secure job* paid at least a *living wage*. So we have to encourage and create jobs. In total, the policies in this manifesto will create over 1 million jobs. See the section on **Work** in Chapter 9.
- Address the issue of climate change. We need *huge investment* in using energy more *efficiently* and *generating energy sustainably*. This will not happen without public investment. See Chapter 4 on **Energy and Climate**.
- Stabilise and tightly regulate the *financial sector*, whose greed and recklessness have been a major cause of our recent economic difficulties and of growing inequality. See the section on **Finance** in Chapter 9.
- Provide equality and security in a mixed economy by committing to the common good, *a larger public sector and higher taxation*, funding our health, education and local services properly, and creating hundreds of thousands of jobs. See the section on **Taxes** in Chapter 9.
- Be prepared to borrow on good terms to fund investment rather than making *closing the deficit* the main objective of our economic policy. The plans in this manifesto require borrowing of £338 billion (in real 2015 terms) over the Parliament as compared with the Coalition's plan in the 2015 Budget to borrow £115 billion. If monetary policy demands *quantitative easing*, we will spend that money directly on *green investment*. However, the programme of public spending and taxation in this manifesto would show a *surplus on the current account* (that is, excluding investment) of 2.7% by the end of the Parliament.
- Reject the dogma that everything is best done by the private sector. A sensible economy is a *mixed economy*, where some things – health, education and public transport, for example – are better in community or public ownership. See Chapters 6, 7 and 12 on **Health, Education and Transport**.
- Support *those without jobs* and treat them with respect in a system that makes getting some work worthwhile and provides pensions that allow older people to live with dignity. See Chapter 10 on **Social Security**.
- Mobilise the talents and energy of *everyone* and serve everyone, including the young and the old, men and women, those who are disabled and minority groups, including ethnic minorities and different sexual orientations. See Chapter 5 on **Equalities**.
- Recognise that not everything that is *valuable* has a price attached to it.
- Create a robust *taxation* system that promotes equality and sustainability.
- Rein in *huge companies* that put shareholder returns ahead of the common good. Foster *institutional change* in the economy that we want, with changes to company law and encouragement for small firms and mutuals. See the **Changing Economic Organisations** and **Small Firms** sections in Chapter 9.
- Create an *efficient economy* that encourages innovation and the use of science but does not rely on dangerous technologies. See the **Science** section in Chapter 3.
- Foster an economy that is *open* to Europe and the wider world, that accepts people will move from country to country, and that is willing to assist countries poorer than ours. See Chapter 13 on **International Affairs**.
- Ensure that the *Treasury's priority objective* is to deliver an economy with these aims.

How we will do this is set out in detail in the following chapters.