# Twitter Thread by Hollywood



**Hollywood**
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**Overall I think Labour will be a bit disappointed with how the ‘relaunch’ has started. Labour have given themselves a mountain to climb anyway through a year of inaction but the speech today lacked coherence, purpose and distinction from the government.**

Starmer is (funnily enough) making a lot of the same mistakes Corbyn made in 2019. He is listing a ‘bold’ set of policy proposals that come across as disjointed and lacking connection to Britain’s priorities.

The policies themselves were basically good, I wouldn’t argue against them. But I would cringe whenever Labour came out with spending proposal after spending proposal in 2019 without any rationale or connection to a larger economic strategy. That’s what Starmer did today.

The questions that voters will have about Starmer’s speech are the same ones that voters will have had about Corbyn’s 2019 manifesto: why are these policies your priority, how can we afford them and why aren’t we doing these already?

The first one needs to be answered by diagnosing Britain’s problems and their causes. He doesn’t have to diagnose all of them. For the purpose of today he could have picked three that feed off each other: inequality, stagnant income growth and stagnant productivity.

How is government policy causing these? Austerity creates low bargaining power for workers and cuts incomes and demand for business output. This reduces wages’ ability to grow and reduces firms’ incentives to invest, which causes productivity and income growth to stagnate.

Why are businesses not investing? Why are we not at the frontier of new technology and research? Because unlike countries that are, we do not direct investment towards new technologies and research. Government needs to assist business in alleviating the uncertainty of innovation

So Starmer’s policies to support wage growth, invest in partnership with business to direct British industry towards innovation, to end cuts to public services, local authorities etc will boost investment, demand for business’ output and wages and productivity

Now his policies have a rationale, a purpose. But how will we pay for them? Well you have to make the case that Britain has not been achieving its potential. Unemployment, productivity and wage growth stagnation all show we are nowhere near our limit.

Appeals to “interest rates being low” do not answer this question because the public have no idea how interest rates are administered, and probably worry that this is just some lucky coincidence and we will run up debt that will later become unaffordable as rates rise.

The message has to be that Britain has not reached its potential for a very long time, we have been living below our means and that Labour’s polices will mean we will reach our potential.

The speech itself wasn’t the worst part though. The Q&A was frankly poor. Had no answer on nationalisation, no answer on how his industrial policy differed from the government’s, no answer on the purpose of the recovery bonds. These are the key planks of his platform.

The problem is that Labour are trying to cram an activist policy platform into an orthodox framework. Interest rates are treated like the weather, fiscal sustainability is still dealt with under the assumption the government is a money manager or household.

Starmer has no story about why British capitalism isn’t working. Why do investment and productivity decline? Why does outsourcing not deliver good outcomes? Why are interest rates low?

Starmer focused on attacking the government’s competence. But Test and Trace wasn’t about incompetence. It was about the ideology of outsourcing and privatisation. Now government can bask in the glory of the vaccine rollout, but really it demonstrates the flaw in their model

So yeah, I think Labour are still in a lot of trouble, and I don’t think Starmer is up to the task of beating this government.