

Stumbling and Mumbling

An extremist, not a fanatic

September 27, 2005

Alternative economic policies

David Aaronovitch scores a [direct hit](#) on the Left's weak spot:

There is a hole where any “left” alternative industrial and economic policy would sit. The poor would have to be protected, damsels rescued, folks given rights, spending increased and so on. But then what? How would wealth be created, jobs created, international competitiveness maintained? I am not joking when I say that, in years of reading left publications and attending left-of-centre meetings I have not once heard these questions tackled directly — other than by a minister.

He's right. But the problem is that the British left is unimaginative, economically illiterate, captured by vested interests and stuck in a 1970s statist timewarp*. It is not that there are no leftist economic policies. Here are a few:

1. [Macro markets](#). These give workers insurance against falling demand for their industry or occupation. This risk-pooling means workers who do suffer the adverse effects of globalization can share their losses with the winners. As globalization is a potential Pareto improvement, such markets help reconcile equality and efficiency.
2. [A citizens basic income](#). I've advocated this before. Suffice to say here that this has the merit of increasing workers' bargaining power, thus making costly regulation such as minimum wages unnecessary, whilst also promoting equality.
3. Asset redistribution, for example via confiscatory inheritance taxes; [none of you](#) have convinced me that these are a bigger disincentive than incomes taxes.
4. Dismantling the corporate welfare state - the DTI and CAP. This promotes allocative efficiency whilst allowing cash to be transferred to the poor or to public services.

If we're being a bit bolder, we'd add measures to promote market socialism and/or to increase worker control of companies.

Sure, I've been very vague here. For evidence that the left and economics do mix, try [here](#), [here](#), [here](#), [here](#), [here](#) or [here](#).

* **Update:** Tim provides perfect [evidence](#) of what I mean.

September 27, 2005 in [Equality](#) | [Permalink](#)

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1 and 4 are not "left", 3 is regressive since The Rich would avoid it and 2 is madness while we have open frontiers. Must do better.

Posted by: [dearieme](#) | [September 28, 2005 at 06:17 AM](#)

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