As we approach the year’s end, it is timely to reflect on where we are on the road to economic recovery. If we are to believe George Osborne we should have cause to celebrate this Christmas. But if Osborne’s economic plan is working, why are people here in North Devon worse off than they were in 2010 when the Coalition took office?

For most people, there is no recovery at all. As prices continue rising faster than wages, millions of working people and families are finding it harder just to get by. On average people are £1,600 a year worse off under this government.

The ‘recovery’ is fragile at best and based on people spending their savings and not on a growth in productive output. It has been the Coalition’s austerity policies of the last 3 years that killed off the recovery which was actually under way when they took office. Any growth in the economy today is still below where it was in 2010.

Despite the much repeated Coalition mantra, the last Labour government’s economic management was **not** the cause of the financial meltdown of 2008. Labour was **not** responsible for the collapse of Lehman Brothers and it’s worth remembering that the Tories were prepared to accept Labour’s spending plans in 2010 and it was George Osborne who criticized the regulatory framework Labour set on the city as being too stringent.

The deficit was caused by a worldwide recession that saw a collapse in tax revenues and increased social security spending as people lost their jobs. It was **not** causedby the spending that actually helped revitalize many of our public services during Labour’s time in office.

The Coalition’s response to the financial crisis has been to make savage cuts in public expenditure which has had the effect of making our recovery one of the slowest amongst the leading world economies. In doing so it has sought to revisit the same Tory dogma of the Thatcher years – market good – state bad. However, increasingly people are seeing through this fallacy.   
  
The economic collapse in 2008/9 was market led and resulted in part from a failure of regulatory systems throughout the developed world. It was only through government intervention that the banking system was rescued.  
  
Another example of market failure is the privatized energy market. It is seriously flawed and people are now asking why the state can’t intervene to provide a stable supply and price regime. It is no coincidence that Ed Miliband’s intervention on energy prices has struck such a chord.

Our rail track network has had to be effectively renationalized while the most successful operator is the publicly owned East Coast franchise.

These examples underline the fact that it is the state that can and should invest to develop our infrastructure and public services and through its investment stimulate economic activity and growth. A time of recession is not the time for the state to retreat into austerity which has been Osborne’s approach.

The apparent recovery we are now seeing is indeed a mirage for many. Growth is up but from such a low base that we lag behind most other economies. While jobless numbers are slightly down – this masks the reality. More low paid and part time working, wages squeezed year after year, long term jobless figures show no sign of improving and the continuing scandal of the jobless young are all signs that the Tory approach is not working. A few may be seeing living standards improve but for the majority the continual upward pressure on the cost of living is a constant worry.

The Conservatives offer only a pessimistic view. Their only prescription is to blame our ills on the previous government, promote austerity and make decisions that would favour the privileged few over the many.

The Liberal Democrats have been willing accomplices. They supported tax cuts for the few and public service cuts for the many, supported the Bedroom Tax and the tripling of student fees. Many who voted for Nick Harvey to keep the Tory out in 2010 will be thinking twice next time.

North Devon needs investment in jobs, more help for small businesses, more help for the young unemployed and more help for people in housing need. Osborne’s autumn statement offered very little for the vast majority of us.

Labour’s programme by contrast is one of hope.

Labour is committed to building at least 200,000 new homes a year over the next 5 years. This will help tackle the lack of supply in the housing market which forces up prices and rents and will create more jobs in the process. Labour will abolish the iniquitous Bedroom Tax.

Labour will get more people into work by guaranteeing young people and the long-term unemployed a job and will support measures to promote the Living Wage and so stop the nonsense of the state subsidizing low pay.

Labour will expand childcare to 25 hours a week to help hard pressed families make work pay and will act to freeze energy bills and address the chaos of the current energy market.

Britain needs an economy that works for everyone, and not just the privileged few. The people of North Devon deserve no less.

Mark Cann

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