



The Lies We Were Told

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The following is a transcript of Simon Wren-Lewis's lecture on the themes of his book [*The Lies We Were Told*](#), hosted by PEF as part of its [series of public lectures](#) on macroeconomic issues. In his speech, Professor Wren-Lewis explored the idea of 'neoliberal overreach' - attempts to pursue unpopular neoliberal goals through deceiving the public - and how this has led to four major lies that have shaped UK politics over the last decade. For more information about this event, including a full recording of Professor Wren-Lewis's lecture and commentary from Ann Pettifor, Professor Aeron Davis and Dr Maya Goodfellow, please visit [our website](#).

The views expressed here are those of the author, and not necessarily those of the Progressive Economy Forum.

Thank you all for coming, and I want to particularly thank PEF and Patrick Allen for organising this discussion.

I want to tell a story about how an ideology called neoliberalism overreached itself, with devastating consequences for this country. It is the main story in my book.

This overreach involved four big lies – lies that would have a profound effect on people and how they were governed. The lies were told by politicians, but the UK media would play a critical role in either promoting these lies or not challenging them, such that they came to be believed by a majority of voters.

Immigration

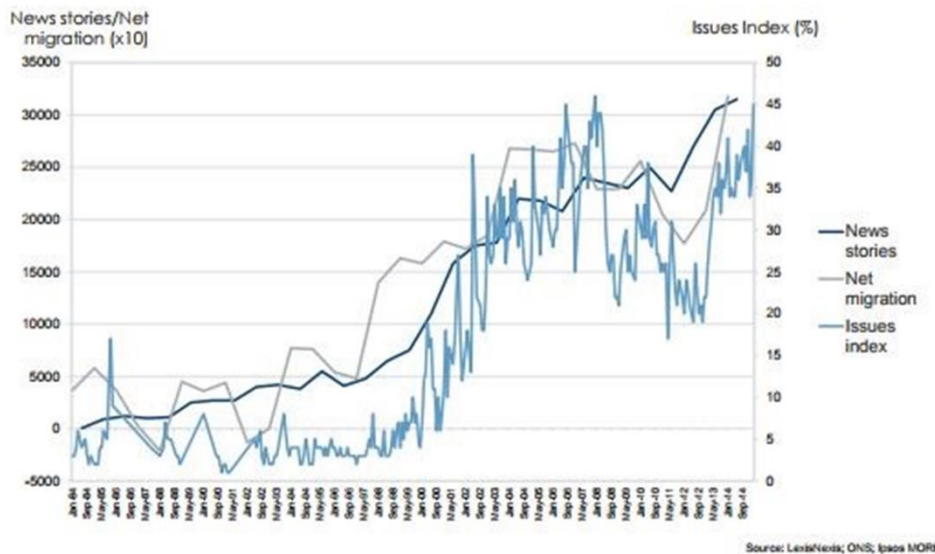
The story starts in the first term of a Labour government. Labour mainly represented neoliberal stasis, with the key reforms of Thatcher accepted but no major attempt to continue the neoliberal revolution. A more charitable way of describing this period is that it was neoliberalism with a human face, with in particular serious and successful attempts to reduce poverty and a large expansion in the NHS budget.

The first big lie concerns *immigration*. After the election of a Labour government in 1997, one of the Conservatives attack lines focused on immigration. Conservative leader Hague talked of a foreign land.

The popular narrative is that this just reflected legitimate concern among voters about rising numbers, but is that really all that happened?

Slide 1: Media coverage of immigration and associated evidence

Chart 1: News stories about immigration, those mentioning immigration as an issue and net migration over time



In the chart above, the erratic line is voter concern, as reflected in opinion polls. The light grey line is net immigration. You can see that although net immigration rose sharply in 1997, voter concern took off in 2000. The black line is the number of stories about immigration in the media. This black line leads voter concern by a much shorter lag.

If we were talking about factual coverage of immigration this would make perfect sense and there would be nothing more to say. Unfortunately we are not talking about factual coverage.

Slide 2: Daily Express front pages



Here are just some of the front-page headlines from the Daily Express, but we could show the same for the Mail and Sun.

This is coverage and reporting designed to instil concern or even fear. I've shown the Express because when the new editor recently up his job he said he couldn't sleep after seeing these headlines and told his staff no more stories on immigration.

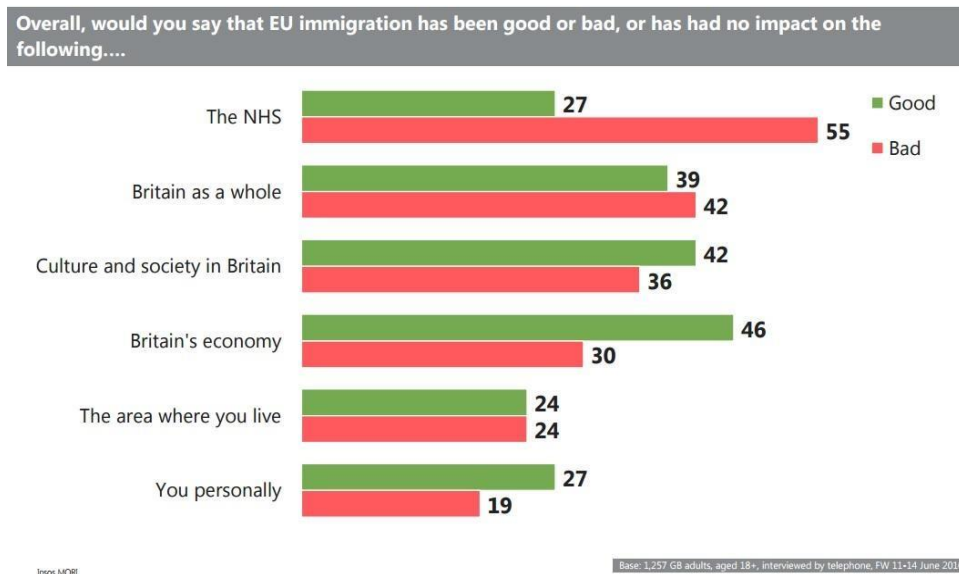
The evidence that immigration concern was created by the media as much or more than by numbers is very strong. We know from many recent econometric studies that the media's influence can be very strong indeed.

We also know that people tend to say that immigration is not a concern in their local area, but in the rest of the country. Often the highest concern is where there are

fewest immigrants. The best predictors of concern are not which political party people support but which newspapers people read.

Too many on the left presume that concern about immigration just reflects xenophobia or worse. But particularly after 2010 it became much more than that. Another line pushed repeatedly by the press and Tory politicians is that immigration reduces real wages and access to public services.

Slide 3: Ipsos MORI opinion poll on EU immigration



We can see from this poll that the only area where a clear majority think immigration is bad rather than good is the NHS. This is absurd. Apart from all the nurses and doctors from the EU who worked in the UK, all economists know that immigrants contribute more in taxes than they take out by using public services, because they tend to be young. This poll clearly shows how statements in the press and by politicians saying otherwise had much more influence.

All this became critical when it came to Brexit, but we are jumping ahead of ourselves. It is worth nevertheless noting that one of the side effects of Brexit is that people are hearing more and more about what the costs of reduced immigration are, such as unfilled vacancies for doctors and nurses. As a result, since the referendum the public now look much more favourably on immigration, such that the UK now has more positive attitudes to immigration than most other countries.

Austerity

The second lie was that in the middle of a recession, where interest rates could not be cut any further, we should worry about government debt. "The government is like a household that has maxed out its credit card" and all that nonsense. The policy everyone knows as *austerity*.

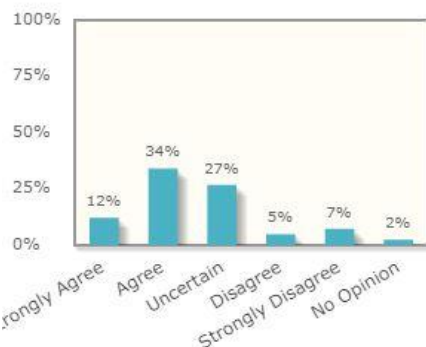
Now pretty well every *first-year economics student* around the world is taught that in a recession what the government should do is use monetary policy and fiscal policy to *stimulate* the economy. In other words, the opposite of austerity.

What is more, state of the art macro says exactly the same thing. So when 50 leading US academic economists were asked whether Obama's fiscal stimulus was good for the economy, they overwhelmingly said yes rather than no.

Slide 4: US economists' opinion of the Obama stimulus package

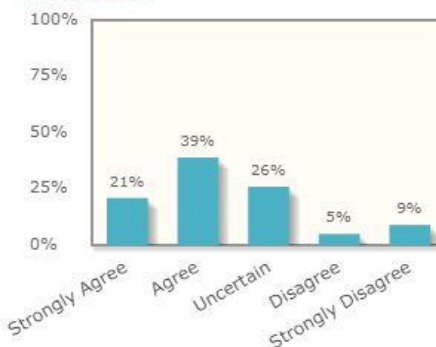
Question B: Taking into account all of the ARRA's economic consequences — including the economic costs of raising taxes to pay for the spending, its effects on future spending, and any other likely future effects — the benefits of the stimulus will end up exceeding its costs.

Responses



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Responses weighted by each expert's confidence



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I discuss in my book further evidence that a clear majority of academic economists rejected austerity. This majority got larger from 2011 onwards. There is no widely accepted model in which austerity for a country like the UK actually works.

Unfortunately, it was the few who supported austerity that got the publicity, along with City economists, who tended to say the markets demanded austerity. Now City economists are great for the media. Appearing on the media is a key part of their job description, so they appear at a moment's notice and rarely sound unsure or hedge their bets. But they also tend to be politically biased and have an interest in talking up

the power of the market. Talking up the power of the markets was not difficult after the Global Financial Crisis.

My book includes a piece about how the financial markets are too often treated like gods, and City or Wall Street commentators are like high priests. These high priests gratefully received 'sacrifices' of money to themselves (fees) in return for intelligence on the market's moods. I wrote that after seeing a member of parliament treating them in exactly this way.

But if you look at hard evidence, this suggests that in reality the markets would have loved to buy more UK government debt, because interest rates were falling. Did interest rates fall when the Coalition rather than Labour were elected? They didn't move at all. But in 2010 both the deficit haters in the Treasury and Mervyn King found it convenient to talk up these imaginary fears.

Now Tory governments are tempted by ideas from City or right-wing economists but there is only one – just one – occasion when we had austerity during a recession since Keynes wrote *The General Theory*. It was 1981 – you may have heard of the letter from 364 economists denouncing Thatcher's budget of that year. But there were two critical differences between that and 2010 austerity. First, 1981 mainly involved higher taxes rather than lower spending, which have less of an impact on demand, and second the policy was reversed within a couple of years.

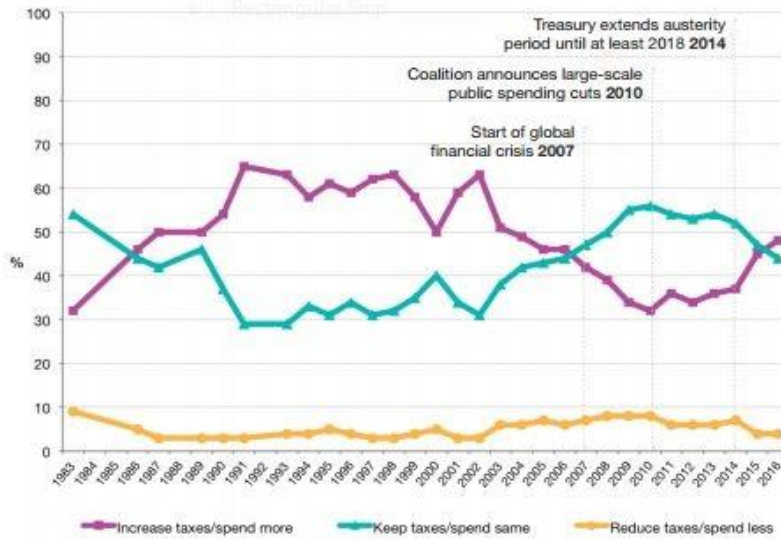
The tragedy of Osborne's austerity is that it was never reversed, but continues until today. My estimates suggest it has cost the average household resources worth £10,000. It could easily be more.

So why did Osborne carry on the policy when the UK recovery failed to materialise in 2011 and 2012? Why didn't he follow Thatcher and change course? I think there are two reasons.

The first was that it enabled a key neoliberal goal of shrinking the state. The problem that Osborne faced before 2010 is that there was no public desire to reduce the size of the state still further and cut taxes: in fact the opposite.

Slide 5: British Social Attitudes survey on tax and spend

Support for 'tax more, spend more' at highest level in a decade



This regular survey from the British Social Attitudes Survey shows that there are always less than 10% of the population that actually want lower taxes and spending.

For that reason, austerity was irresistible to neoliberals. Reduce public spending by pretending it had to be done to reduce the deficit. It is what I call 'deficit deceit', and it is a key part of neoliberal overreach.

You can see the same thing in the US more clearly: raising the deficit is fine if it's for tax cuts for the rich (Trump, and before him Bush), but then the high deficit is a reason for cutting public spending.

But to play that kind of deceit you need a compliant media: in the UK a mixture of a predominantly right-wing press and a BBC that you can intimidate with threats to cut funding.

The second part of the answer to why Osborne retained the policy while the recovery faltered is that his policy was remarkably popular. Labour started off with the moderate criticism of "too far, too fast", but because that played so badly ended up in 2015 pledging to be "tough on the deficit".

Why was austerity so popular? As I have already noted, a clear majority of academic economists rejected austerity. So why was this point of view not made by the media? The partisan right-wing press is one answer, but what is more surprising is the absence of the anti-austerity voice among broadcasters.

This is outlined in great detail in two recent books, one by Laura Basu and the other by Mike Berry. The broadcast media were happy to report unevidenced and shrill voices from the City, but just didn't consult academics. It seems broadcasters had become tired of experts long before Brexit.

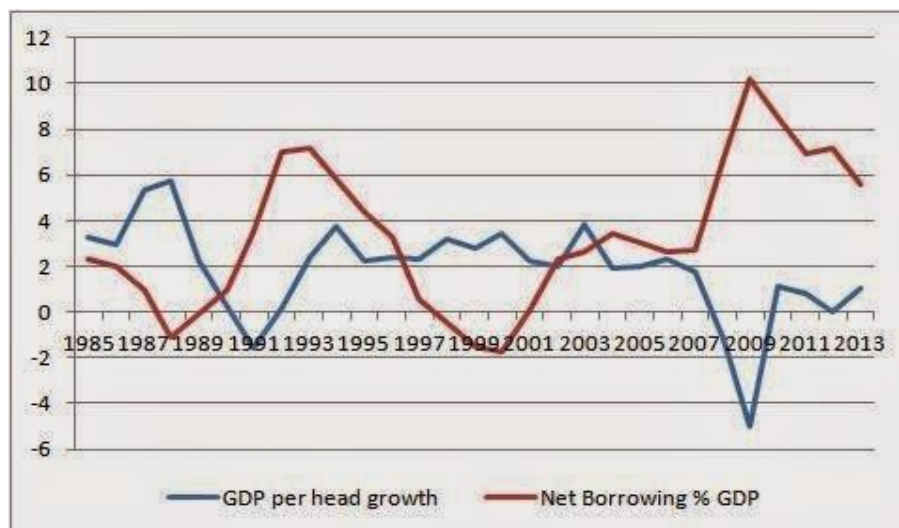
To repeat, this was not confined to the partisan press - even *Channel 4's* Jon Snow berated Miliband for not mentioning the, and I quote, "biggest issue of all".

The 2015 General Election

It is therefore not surprising that most voters thought austerity was both inevitable and the responsible policy for the government to pursue. While that reflected a disinterest by the media in experts, the third lie I want to talk about represented a lack of interest in facts. The idea that the government could manage the economy better than Labour was based above all else on a simple idea: that Tories were clearing up the mess that Labour had left.

This line, repeated endlessly by politicians, went unchallenged not just by Labour, but also the rest of the media. It was our third lie, and what is more an obvious lie if you just look at deficit numbers.

Slide 6: UK deficit figures



The deficit increased because of the recession, and there was definitely no Labour profligacy. But no broadcast journalist I ever saw felt able or willing to point out it was a lie.

In addition, before the 2015 election BBC journalists noted that the economy was the Conservatives *strong card* because it was the only issue where the Tories had gained

backing from the voters since 2010. But they then went on to conclude that the economy must therefore be strong.

This was also a simple lie. Few mentioned the reality of the slowest recovery in centuries, or an unprecedented decline in real wages – all that mattered was that the deficit was coming down. As a result, the media colluded with the Tories in describing the economy as strong when in fact it was in dire straits.

So voters chose a Tory government because they thought they were better at managing the economy – an idea cultivated and reaffirmed by the media. This Tory government was pledged to allow a referendum, which was the beginning of the political chaos we are now in.

Brexit

The book contains a post I wrote in March before the referendum, in which I said that the right-wing press, with the help of the very few Leave economists (aka Patrick Minford), would muddy the waters on the economic pain of Brexit. The BBC would balance economic knowledge against make-believe.

What voters could see for sure was that Freedom of Movement stopped the government controlling immigration, control that Cameron himself said was essential. I called the post something about "Cameron's chickens coming home to roost". What I didn't predict was just how far the Leave side would go in telling lies. But having got away with it on the need for austerity and Labour profligacy, it must have looked like a natural thing to do for some.

We have heard a lot of stories about Brexit and English exceptionalism, and certainly *nationalism* has been emphasised more and more since the referendum. But what you might call extreme neoliberalism also played an important part in motivating Brexit.

The desire to reduce regulations on labour and the environment was, for many in the Conservative party, more important than the freedom to trade. You could say it is still free trade: trade *free from* regulations rather than *freedom to* trade.

Brexit is the fourth and final big lie – perhaps the biggest lie of all. It is part of neoliberal overreach, but a part pursued by some neoliberals and not others. And it was also the biggest lie in terms of what was told to the public.

It combined the first and second big lies: a pretence that immigration was responsible for low real wages and reduced access to public services that were in fact caused by austerity. It was made possible by the third lie, which led to the election of a Conservative government.

By and large neoliberals have no problem with immigration, so they have to pretend they do, or find a socially conservative minister – now our Prime Minister – to front the policy.

But I think it is overreach, not just in a moral sense because the policy involves deception on a grand scale, but also because the combination of austerity which reduces real wages and undermines public services and the lie that it is all down to immigration is so dangerous.

That is what happened with Brexit. The right-wing press groomed people to dislike the EU, and then before the referendum that started talking about EU immigrants rather than just immigrants with non-white faces.

Slide 7: Daily Express headlines in the run-up to EU referendum



Together with a BBC that prioritised balance over its role to educate and inform, and Brexit was the result.

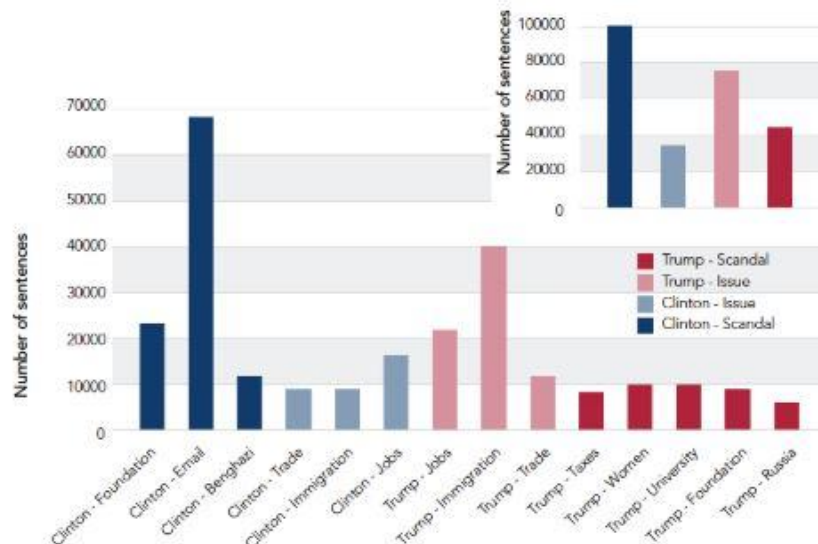
This is not normal. This is highly dangerous.

In the US, the other country where neoliberalism is strong, there are many parallels with the UK. Instead of Brexit they have the election of Donald Trump.

The media played a vital role in Trump's election. For the right-wing press in the UK, substitute Fox News and talk radio in the US. But even putting them to one side, Trump got way more coverage than any other candidate in the primaries.

And during the actual election, the media talked more about Clinton's email server than all the known reasons why Trump would make a terrible president.

Slide 8: Coverage of Clinton's emails compared to Trump scandals



Why is the non-partisan media so ineffective at challenging neoliberal deceit? A key part of the answer is balance. Balance works OK when both sides behave with reasonable honesty. It does not work when one side tells lies. It does not work when one side tells lies and the other party does not challenge them. It does not work when one candidate is unsuitable for office.

The problem with balance is that it can balance out the truth. The BBC recognises this with climate change, where earlier debates between climate change scientists and deniers have been replaced by a recognition that climate change is happening, although that commitment is often honoured in its breach.

But that change in policy would not have been won without intense pressure from the scientific community. Alas, economists and experts on trade agreements have much less clout. This has to change.

There are of course differences between the UK and US versions of neoliberal overreach: instead of anti-immigration you had a culture war and racial politics to deflect left-wing socially conservative voters from objecting to tax cuts for the rich. But more recently you have seen immigration becoming important with Trump and a culture war developing in the UK after the Brexit referendum.

The media in the case of both Trump and Brexit is not manufacturing consent, but instead playing a large role in electing a dangerous idiot as president and in overthrowing a government in the UK. This is not normal. This is highly dangerous.

Is there any hope? Both the UK and US are still democracies, although US democracy is deeply tainted by money and the UK is in danger of catching the disease.

But democratic change will only be more than a respite from a right-wing steadily morphing into an authoritarian populist movement if that change is radical. And that radical change must include controlling our authoritarian populist partisan media and emboldening our broadcast media to inform and educate rather than balancing truth with lies.

Thank you.