

Labour offers itself to business backers to kick off UK election campaign

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Labour leader Ed Miliband began his party's official campaign for the General Election with a pitch to prove itself the most business friendly party.

Miliband launched Labour's "Business Manifesto" as parliament was dissolved to clear the way for the election on May 7. Polls indicate that the outcome is still far too close to call, with Labour and the Conservatives averaging in the low 30s.

According to reports, Labour is taking legal advice as to how to avoid Prime Minister David Cameron "squatting" in Downing Street after May 7.

Cameron would be expected to continue as prime minister until a majority government is formed. However, the *Independent* reported that Miliband may demand Cameron "proves" he has the right to stay on by surviving a parliamentary vote.

Given the uncertainty as to the election outcome and its implications, it is significant that Miliband's first major address was before corporate heads at Bloomberg's HQ in London. Miliband's main gambit was to insist that Labour could be trusted again with acting on their interests. At the centre of this claim was a declaration that only a Labour government could avert the "clear and present danger" facing the UK economy in the event of a referendum on British membership of the Europe Union.

Prime Minister David Cameron has pledged that the Conservatives will hold an in/out referendum on the issue if he wins power. He has said this would take place by 2017 but with a substantial section of his party opposing EU membership, it could be held even earlier.

On Monday, Labour took out a full-page advert in the *Financial Times* featuring quotes from the heads of six of the largest corporations in Britain over the dangers of leaving the EU. They included a statement by Siemens UK chief executive Juergen Maier that the

prospect of a referendum was "profoundly worrying" and Jonathan Myers, head of Kellogg's EU operations, that, "The biggest short term risk to Manchester's competitiveness in the EU is a simple one. It is the risk the UK could leave it."

Under the headline, "The biggest risk to British business is the threat of an EU exit," the advert pledged, "Labour will put the national interest first. We will deliver reform not exit."

The advert sparked criticisms by some of the companies represented that the quotes should not have been included in a party political statement, with a spokeswoman for Siemens UK saying that Labour had "overstepped the line." But Miliband is desperate to prove he has support in the City of London. Responding to the complaints, he said Britain's place in the EU was "absolutely at stake in this general election. Are we going to be reforming the EU from the inside or threatening exit? That is something that the vast majority of business people would share Labour's position on."

At the manifesto launch, Miliband accused Cameron of "playing political games with our membership of the EU."

"If you care about prosperity, then Britain must be a committed member of a reformed European Union," he said, promising that there would no in/out referendum under a Labour government.

Miliband has not specified what he means by a "reformed" EU. He made no mention of the situation in Greece, which the EU is threatening with bankruptcy unless it imposes even greater economic and social devastation. Instead he pledged greater immigration controls over workers from the EU.

Labour would argue for "stronger transitional controls" to "control the flows of workers for longer

when new countries join” the EU, he said. It would also “restrict access to benefits for two years for those coming from the EU.”

A crackdown on immigration is one of Labour’s five election pledges, as the party seeks to compete with the Tories and the UK Independence Party to prove which is tougher on migrants. The party has even designed a mug for the election, outlining its promise for “controls on immigration” as a reason for voting Labour.

Miliband presented his demands as part of Labour’s plan to improve British competitiveness. “For every hour worked, we produce nearly 20 percent less than our main competitors in the G7,” he complained. “Our productivity gap is at its highest level for nearly a quarter of a century.”

But he had little that was concrete to propose outside of calls for business to work with government in creating apprenticeships. Labour would create a British Investment Bank, Miliband said, supporting a network of regional banks. This would help create a “competitive” banking system in which all businesses could succeed, from the multinational and FTSE100 to the “family firm.”

Labour had pledged “to keep corporation tax at the lowest rate in the G7,” he reiterated.

Miliband was also at pains to stress that any government he led would be committed to spending cuts and so-called “deficit reduction.” The “Business Manifesto” sets out repeatedly that Labour will “balance the books” and “cut the deficit every year.”

“Outside of a few protected areas departmental spending will need to fall until we balance the books,” it states, boasting that the Institute for Fiscal Studies “has identified Labour as ‘the most cautious’ of the three main Parties, and the only one that has not announced an overall net giveaway.”

At the launch of the “Business Manifesto,” Shadow Chancellor Ed Balls rejected suggestions that a Miliband-led government would borrow money for investment programmes.

At the weekend, Labour’s vice election chair Lucy Powell had told the “Sunday Politics” show that there could be “some investment borrowing” under its fiscal rules, which would not contradict its plan to balance the books. Balls repudiated Powell’s claim, reiterating that there could be no extra borrowing to fund anything.

“We have said very clearly we are going to get the

current budget not only into balance but surplus in the next parliament,” he said. There were “no proposals in our manifesto which will involve any additional spending,” he stressed.

Last week the BBC leaked documents revealing Conservative plans to further slash welfare spending, as part of its intention to eliminate a further £12 billion from the welfare budget. This is on top of the £20 billion it has already cut from welfare so far.

The Conservatives have refused to spell out exactly where the axe will fall, although the documents, prepared by the Department for Work and Pensions, includes proposals to slash payments to carers, the disabled and families with children.

Labour has previously floated plans to cap social security spending. The Business Manifesto states that a Miliband-led government will take “tough decisions” on welfare, including restricting child benefit rises for two years and means testing winter fuel payments to pensioners. It will make “difficult choices about priorities” as to public spending on services, to ensure “maximum value for every pound of taxpayer money it spends.”

As for Miliband’s claims that “growing” British business will lead to higher wages, the manifesto speaks vaguely about a five-year plan to raise the minimum wage to £8 an hour and for an end to “exploitative” zero hour contracts.

Labour’s “tough choices” for workers are in contrast to its approach to the top 1 percent of earners, on incomes of over £150,000, who it proposes only to “ask to pay a little more to help get the deficit down by reversing the cut to the top rate of tax.”



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