

Jeremy Corbyn's economic plan to rescue British capitalism

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The economic prescriptions put forward by Labour Party leadership contender Jeremy Corbyn have been met with apoplexy in some quarters.

Daily Telegraph deputy editor Allister Heath fumed about “a disaster for Britain” should the “unreconstructed socialist” Corbyn become leader of the Labour Party. His election would deal “the pro-capitalist side a terrible blow” and mark “a return to the ultra-confrontational 1980s... Class war, extreme language and nonsensical positions.” Labour Party shadow chancellor Chris Leslie denounced Corbyn’s supposedly “starry-eyed, hard left” plan.

In reality, Corbyn’s campaign and the policy prescriptions he espouses are shaped by two related considerations.

He decided to enter the leadership race in the aftermath of Labour’s disastrous performance in May’s General Election. Noting that the collapse in the vote for the party is due to widespread opposition to the austerity politics that it has implemented, Corbyn is seeking to revive support by putting on a “left” face. But Corbyn has always insisted that all that can be achieved are minor reforms through the very Labour Party he criticises.

Under conditions of an ever deepening systemic crisis, his aim, in the words of the former Greek Finance Minister Yanis Varoufakis, is to save capitalism from itself. He speaks for a layer within ruling political circles who believe that merely continuing with unrestrained austerity threatens to plunge British and world capitalism into a second economic crash.

His policy document, “The Economy in 2020,” declares, “Labour must create a balanced economy that ensures workers and government share fairly in the wealth creation process, that encourages and supports innovation in every sector of the economy; and that invests in skills and infrastructure to build an economy that is more sustainable and more equal.”

Instead of the budget cuts imposed by the Conservative Chancellor George Osborne, Corbyn says he will introduce a form of “quantitative easing [QE] for people instead of banks,” authorising the Bank of England to print money to

be provided to a new state-owned investment bank to finance publicly-owned hi-tech infrastructure.

Corbyn’s programme challenges neither the market economy, nor the major corporations and banks. He has stressed that he wants nothing more than to “get some of the wealthiest individuals and biggest corporations” to pay something approaching “their fair share.” Corporate taxes will remain around 20 percent, well below the 34 percent under the Thatcher government, and the top rate of income tax will stay at 50 percent. What money is to be raised from businesses would be through a new law to stop tax avoidance and evasion that will supposedly collect the estimated £120 billion in tax revenues that go missing each year—coupled with an additional £50-60 billion as an extension of existing and far larger QE programmes.

Corbyn’s programme is largely drawn from the work of Richard Murphy of the Green New Deal Group, which is closely linked to the Trades Union Congress. Murphy’s writings stress more efficient tax collection and quantitative easing as a route out of the economic crisis. In a 2011 book, Murphy advanced the concept of “Courageous States”—by which is meant governments prepared to “constrain the world of feral finance [and to] rebuild the role of the state in supporting real business activity.”

In January, Murphy even appealed to Osborne to include plans for “Green Infrastructure Quantitative Easing” in his final budget before May’s general election. Politely complaining that the £375 billion QE programme used to bail out the banks had only increased asset values rather than investment, he reassured the chancellor that the measures he proposes “can be undertaken without creating new debt that will have to be repaid in future.”

Murphy now claims that “ideas for quantitative easing of this sort have already gone mainstream in Europe... I believe that these economic policies will revive the spirit of enterprise in the UK by *creating the level playing field business needs* and the infrastructure on which it can build prosperity.” [emphasis added]

In contrast to the hysteria of the right-wing, Corbyn’s

proposals for economic stimulus have been recognised elsewhere for what they are. Open University economist Alan Shipman wrote, “For those expecting a leaky raft of uncoded populist promises, Jeremy Corbyn’s economic programme is shockingly reasonable in tone. It begins by praising wealth creation, and revolves round a commitment to attack the UK budget deficit more effectively than the Conservatives.”

Corbyn’s eminently “reasonable” proposals are in reality the most unrealistic response imaginable to the present crisis.

John McDonnell, chair of the Socialist Campaign Group in the Labour Party, of which Corbyn is a part, argues, “Labour under Jeremy Corbyn is committed to eliminating the deficit and creating an economy in which we live within our means.”

Whereas, “We accept that cuts in public spending will help eliminate the deficit... our cuts will be to the subsidies paid to landlords milking the housing benefit system, to the £93 billion in subsidies to corporations, and to employers exploiting workers with low wages and leaving the rest of us to pick up the tab.”

He stresses that this is all necessary so that some “spark like Northern Rock [bank run]” does not “set things off again.”

Corbyn and his supporters proceed as if the banks benefiting from QE, rather than the public, was a policy mistake. It was not.

From 2008, trillions of dollars, euros and pounds were injected directly into the banking system to safeguard the wealth of the banks and super rich. The cost has been extracted ever since at the expense of working people. Austerity has been pursued not out of some mistaken belief that it will lead to a generalised economic recovery, but as a class war strategy to strip the working class of hard-won social and democratic rights.

Governments of every political hue have ensured this plundering operation is paid for by the imposition of savage wage cuts and the elimination of vast tranches of essential public services and welfare provision. The same holds true for the supposed “failure” of *all* the world’s governments to collect business taxes.

Numerous economists have warned that a fresh disaster looms, as the world economy enters a new period of breakdown. Yet still the financial oligarchy continues to ruthlessly dictate all aspects of economic and social policy—and would do so whether a Conservative or a Labour government was in office.

While Corbyn acts as if he is engaged in a friendly discussion on policy, his opponents in the Labour Party respond by preparing a war of attrition, sabotage or split

should he win. Their ruthlessness is only a pale reflection of the response in ruling circles to any, even if only the mildest, proposal to interfere with the ongoing accumulation of wealth at the apex of society.

It is based upon the lessons of Greece that working people must make their appraisal of the significance of Corbyn’s policies and programme. All of his opponents, such as the widely despised Blairite leadership contender Liz Kendall, have warned that Labour under Corbyn would be a disastrous repeat of Syriza’s failed attempt to oppose austerity on a “left” platform.

This is an attack from the right by those who want nothing more than for Labour to adopt an unalloyed pro-austerity agenda. But it is an attack that Corbyn cannot answer because he advances Syriza as a model to be emulated.

On the day that Greek workers voted two to one in a referendum against austerity, Corbyn stepped forward to back Syriza’s claim that this could be used to get a better deal from the European Union (EU). “Democracy has spoken in Greece. The people must rule, not the financial markets,” he declared. “This is an opportunity too for the European Commission to come to its senses and embrace a Europe of solidarity and end the human suffering in Greece.”

Within days, Syriza and the EU made abundantly clear their contempt for the democratically expressed wishes of the Greek electorate. Syriza, which is bitterly opposed to the independent mobilisation of workers and youth against the profit system, are now the tool through which even greater austerity is being imposed.

Greece proves that no strategy to combat austerity is viable that does not begin by recognising that what is involved is a struggle against the ruling class, its state apparatus, and capitalism itself. The Corbyn campaign, in seeking to foster illusions in the prospect of piecemeal reforms implemented by a Labour government, serves only to disarm the working class in the face of these political realities.



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