

New Labour Party shadow chancellor seeks to reassure big business at party conference

Chris Marsden
29 September 2015

Newly appointed shadow chancellor John McDonnell outlined his and Jeremy Corbyn's new economic prescriptions at the Labour Party's conference yesterday. It was an exercise in appearing as "sensible" and "safe" as possible to Britain's ruling class, while still making verbal feints towards the anti-austerity sentiment in the working class that catapulted Corbyn to the leadership of the Labour Party.

From a political and not a rhetorical standpoint, however, the pledges to oppose austerity cannot be reconciled with the central message delivered by McDonnell: that, to borrow a phrase from former Greek finance minister Yanis Varoufakis, he wants to save capitalism from itself.

McDonnell trailed his speech as one that would be "stultifyingly boring...like talking to your local bank manager in the old days."

McDonnell spent the morning before delivering his speech distancing himself from yet more of his past statements, including his support for "insurrection," which he said meant support for "non-violent direct action." By far the most revealing comments were those relating to Karl Marx.

The man whose "Who's Who" entry lists among his "hobbies" "generally fermenting [sic] the overthrow of capitalism" told BBC's *Today* programme, "If you look at our capitalist system, one of the definitive analysts of how it works—not whether it is condemned, or whether it is right or wrong, just the mechanics of how it works, when it was first formed and how it would be developed—actually was Marx.... People might disagree with his conclusions about what to do with the system, but actually to understand how the system works he comes up with some interesting analyses that have been built in to traditional and fairly classical economics."

Fresh from portraying Marx as a mere analyst of capitalism, rather than as someone who explained the

need for its revolutionary overthrow by the working class, McDonnell took to the podium at Labour's annual conference to outline his own proposed "traditional"—i.e., capitalist—economic nostrums.

His speech would not be "my usual rant," he began. Corbyn had received a "huge mandate" for a "rejection of austerity politics," he stressed, before promising to end the "brutal treatment of disabled people," build homes for "the 100,000 children in homeless families," and tackle the 19.1 percent pay gap between women and men.

But how was this to be done? Not, according to McDonnell, by repudiating the debt to the banks whose criminal actions almost destroyed the British and indeed world economy. "I tell you straight, from here on in Labour will always ensure that this country lives within its means," he said, criticising Conservative chancellor George Osborne for not succeeding in wiping out the "deficit in one Parliament."

Apart from the liberal use of superlatives, much of the speech could have been delivered by Ed Balls, Labour's previous shadow chancellor under Ed Miliband. Labour would tackle the deficit "fairly," by "dynamically" growing the economy, "strategically" investing in "key industries and sectors" that would deliver the "sustainable long term economic growth this country needs." There would be, in addition, "fairer, more progressive taxation."

As for specific measures, these amounted to a promise to "halt the Conservative tax cuts to the wealthy," to restore tax credits to poor families and to introduce a real living wage.

Out of bounds was any substantive proposal to increase taxes on big business or the super-rich. Instead, McDonnell would "force people like Starbucks, Vodafone, Amazon and Google and all the others to pay their fair share of taxes" by making tax collection more efficient.

This was placed alongside "cuts to the corporate welfare

system”, but only for those companies that are given subsidies and then “fail to provide” jobs. Tax breaks for buy-to-let landlords would also be ended—but only those who fail to undertake repairs to their properties.

During the Labour leadership contest, McDonnell had promised to implement a “People’s Quantitative Easing” programme to spur economic growth. This was reduced in his speech to a pledge to “use active monetary policy to stimulate demand where necessary”.

There was no mention of a “Robin Hood Tax” on financial transactions, though elsewhere McDonnell reiterated Labour’s previous position that this would not be imposed “unilaterally,” but only if all the world’s governments agreed!

As a final effort to reassure the ruling class, McDonnell declared, “Our radicalism, it comes with a burden. We need to prove to the British people we can run the economy better than the rich elite that runs it now.”

To this end, he and Corbyn have established an Economic Advisory Committee to draw upon “the unchallengeable expertise of some of the world’s leading economic thinkers including Joseph Stiglitz, Thomas Piketty, Professor Mariana Mazzucato, Simon Wren Lewis, Ann Pettifor and former member of the Bank of England Monetary Committee, David Blanchflower...”

He stated, “[E]very policy we propose and every economic instrument we consider for use will be rigorously tested to its extreme before we introduce it in government. And we will demand that the Office of Budget Responsibility and the Bank of England put their resources at our disposal to test, test and test again to demonstrate our plans are workable and affordable.”

One need not be familiar with these economists to understand the import of McDonnell’s pledge: Nothing will be done by Labour that in any way threatens capitalism. As if to emphasise this point, he singled out for particular attention Mazzucato’s concept of “the entrepreneurial state”, describing how this consists of working “in partnership with businesses, entrepreneurs and workers to stimulate growth...drive up productivity, create new innovative products and new markets.”

The way McDonnell chose to finish his speech was proof that neither he nor Corbyn will wage a genuine struggle on behalf of the working class, as was the melange of pro-capitalist economic measures and pledges of “consultation” with business that he presented.

So great, he argued, was the challenge placed before Labour that “we need to draw upon all the talents outside and inside the party.”

Alluding to a host of right-wing scoundrels who refused positions in Corbyn’s cabinet, McDonnell stated, “I admit that I was disappointed that after Jeremy’s election some refused to serve. In the spirit of solidarity upon which our movement was founded I say come back and help us succeed.... Don’t mistake debate for division. Don’t mistake democracy for disunity.”

Hundreds of thousands of people joined up to support Corbyn precisely because he was seen as a break with the pro-business, pro-war politics of Tony Blair, Gordon Brown and their acolytes. On that same assumption, two of Corbyn’s leadership rivals, Yvette Cooper and Liz Kendall, former shadow cabinet members Chuka Ummuna, Tristram Hunt, Jamie Reed, Rachel Reeves and others went into internal opposition to Corbyn. Their intention, as stated publicly by Blair’s key advisor, Peter Mandelson, is to prepare the conditions for him to be ousted.

McDonnell’s response to these political saboteurs is to say, “Come back.”

The sole impact of such appeals for friendly “debate” and “collaboration” is to give the political initiative wholly to the right wing.

Yesterday saw Corbyn’s shadow foreign secretary, Hilary Benn, urge Conservative Party prime minister David Cameron to push for “effective action” at the United Nations General Assembly in New York against the Islamic State. He urged the creation of civilian safe zones in Syria under a Chapter 7 United Nations resolution that allows for military intervention.

Benn made a point of praising Blair’s decision to join NATO military action in Kosovo in 1999 as an example of the “proud internationalist” tradition of the Labour Party. The BBC reported that sources “near Benn” said they will not rule out “backing an extension of UK air strikes” to Syria if this is proposed by the government.



To contact the WSW and the Socialist Equality Party visit:

wsws.org/contact