

Labour right wing blocks with Tories in UK austerity vote

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16 October 2015

Parliament passed the Conservative-backed “fiscal charter” late Wednesday, as 21 Labour MPs rebelled against the party whip and abstained. The measure was passed by 320 votes to 258.

The “charter of fiscal responsibility” is the mechanism through which successive governments have written austerity into law, since the 2008 financial crisis. A stipulation that government may not spend more money than is raised by tax revenues has been used to justify the largest package of spending cuts since the 1930s.

The measure proposed by Tory Chancellor George Osborne goes even beyond this, forbidding future governments from making any borrowing at all, even in “normal times” or for investment purposes.

In the parliamentary debate, Osborne denounced Labour’s Shadow Chancellor John McDonnell’s call for opposition to the charter.

The idea that the Bank of England could just be told to “print money”, was a “very old and very dangerous” idea, he claimed.

In fact, the Bank of England has created £375 billion in quantitative easing since 2008, all of which has gone to the banks and the super-rich. This makes Osborne’s homilies as to his policy of deficit reduction being about “fixing the roof while the sun shines” a pack of lies. “Paying down the deficit”—or more properly, repaying the exorbitant interest rates attached to the 2008 bank bailouts—is a euphemism for yet another smash-and-grab raid on public funds in the interests of a tiny wealthy elite.

Nevertheless, the Conservative measure won the de facto support of 21 Labour MPs who defied newly elected leader Jeremy Corbyn’s instruction to vote down the charter. The rebels were led by supporters of Tony Blair, such as Tristram Hunt, Ben Bradshaw, Liz

Kendall and Chris Leslie. A further 16 Labour MPs stayed away from parliament.

The Conservative government would still have won the vote, even if all 37 MPs had followed orders. However, by effectively blocking with the Tories, the Labour MPs made public their refusal to accept Corbyn’s legitimacy as leader and their hostility to any opposition to government policy.

Their ability to do so was made possible by the Labour “left”. Corbyn was elected party leader in September based on a significant anti-austerity vote, winning the backing of 60 percent of Labour’s members and supporters.

But Corbyn’s pledge to end the party’s association with Thatcherite policies was opposed by the majority of the Parliamentary Labour Party (PLP).

Corbyn’s policy has been to accommodate these layers. He has brought a number of his political opponents into the shadow cabinet and has suggested that many of his “red lines”—on opposing war, austerity and privatisation—are up for review.

Most significant in this regard was McDonnell’s announcement at last month’s party conference that Labour would back the fiscal charter. He claimed this was necessary in order to prove that Labour are “not deficit deniers”. “We accept we are going to have to live within our means,” he told conference—adding that Labour would propose different means through which to achieve a balanced budget.

McDonnell’s assertion flew in the face of the mandate on which Corbyn had been elected and was condemned by many of those who had backed him.

The Scottish National Party (SNP) also used the decision as proof that Corbyn’s victory had not changed Labour’s pro-austerity policies. The SNP was the prime beneficiary in Scotland of Labour’s wipeout

in May's election. With a view to elections to the Scottish parliament next year, SNP Deputy Leader Stewart Hosie trilled that McDonnell's decision to back the charter would see Labour MPs "troop through the lobbies with the Tories yet again" to back spending cuts just as they had under former leader Ed Miliband.

It was against this background that McDonnell announced a U-turn. Acknowledging the unpopularity of his previous decision, he cited his visit to the Redcar steelworks in the North East—which has just gone into liquidation. Meeting the families of those who had been thrown out of work had convinced him that he had made a "tactical" mistake in trying to "out-Osborne Osborne."

McDonnell's confession is telling. The policy of trying to out-Tory the Tories belongs not to the arsenal of socialist politics—which Corbyn and McDonnell claim to represent—but to politics and opportunist parliamentary manoeuvres of the right wing. Out-Torying the Tories was, after all, the official policy of Blair that ended in Labour's transformation into a Conservative Party Mark 2.

That is why Osborne felt able to make a direct appeal to "moderate, progressive Labour MPs to defy their leadership and join with us to vote for economic sanity. Failing that, they should at least follow the advice of the former shadow chancellor [Chris Leslie] and abstain."

Corbyn, McDonnell and the Labour "left" claim that in order to defeat austerity all that is needed is to convince a number of its advocates—firstly in their own ranks—of the error of their ways.

McDonnell even referenced a "growing reaction" to the "nature and scale of the cuts Osborne is planning" from within in the Tory Party.

The Labour leadership is warning that with the International Monetary Fund cutting global growth forecasts, British capitalism faces an economic crisis even more severe than in 2008, under severely weakened conditions. It argues that this makes it even more necessary that government seeks to stimulate growth and investment.

McDonnell's previous decision to support the fiscal charter had been vocally opposed by a number of leading economists, including those selected to form part of Corbyn's new economic advisory council. These included David Blanchflower, a former Bank of

England Monetary Policy Committee (MPC) member.

Blanchflower defended McDonnell's U-turn, describing the fiscal charter as "a stunt that has no place in economic policy."

"There are views now I think that actually what we should be doing is not austerity but large amounts of fiscal investment and stimulus of the economy essentially to prepare it for the shock we know is coming," he said.

In the parliamentary debate, McDonnell announced that Blanchflower would lead a Labour review into widening the remit of the MPC to this end.

Prior to the debate, Corbyn ally Diane Abbott expressed her hope that some of her colleagues were "slowly coming to terms with the fact that Jeremy won" the leadership contest.

The *Telegraph* reported that Corbyn had "allowed members of his ministerial team to defy him," giving them "permission to be 'off the whip' and abstain."

In contrast, Labour's right wing is not prepared to make any accommodation to anti-austerity sentiment. Not only will they block with the Tories to this end, but they are also making clear they will split the party if necessary—something Corbyn has made clear he will do whatever it takes to avoid.

In the *Telegraph*, former Blair adviser, John McTernan, advised, "How Labour can get rid of Jeremy Corbyn and John McDonnell—in one easy step." All that was necessary for the PLP to carry through a "coup", he wrote, was for it to ensure a single leadership contender in time for next year's conference.

In the more immediate term, Labour MP Frank Field indicated that if any of Corbyn's opponents in the party face sanction for their actions, they must be prepared to force a by-election and run against the party. The former Tory and chair of the work and pensions select committee told the *New Statesman* that if any MPs were de-selected, "they will stand as independent Labour, cause a by-election immediately and a whole pile of us will go down there to campaign for them."



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