

# UK: Labour's John McDonnell woos Tories and City speculators

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The August 18 edition of the *Guardian* featured an interview with Shadow Chancellor John McDonnell. Its headline quote was the Labour Party number two declaiming, “The government could collapse at any time. We’ve got to divide and demoralise them.”

That is where any trace of a “fight” against anyone ends. Instead, the interview features McDonnell combining a British version of President Barack Obama’s “Hope” and “Change we can believe in” rhetoric with overtures to both Labour’s right wing and the financial speculators in the City of London.

Interviewer Heather Stewart writes that the “lifelong radical” and “ardent critic of austerity” is “ready to seize power from the ‘incompetent’ Tories.” But to what end? McDonnell’s answers refute all attempts to repackage the Labour Party under the leadership of Jeremy Corbyn as a left-wing anti-austerity party.

He speaks of how Labour’s election manifesto appealed to “people’s sense of insecurity,” after “seven years of hard, hard austerity,” with wages “worth less now than before the recession,” public services “cut to shreds” and “in absolute crisis.”

As he later states, in true Obama style, “We gave people a bit of hope,” but, “We won’t hold on to that feeling of hope unless we can go back to them and say, ‘That hope has a secure foundation’.”

He first offers as a “secure foundation” for “hope” the prospect of exploiting Conservative Prime Minister Theresa May’s weakness by, in Stewart’s words, “striking up alliances with disgruntled Tory backbenchers.” These individuals, according to McDonnell, are supposedly “coming back from their constituencies and confronting the same issues as the rest of us” and will be animated by concern over homelessness, food banks, low wages and rising household debt.

One is left to wonder just who these Tory humanitarians

are. McDonnell however continues with his fantasy scenario by suggesting, “They’re coming back thinking: ‘We’ve been at this seven years now and it hasn’t worked’.”

Stewart too is caught up in McDonnell’s vision, writing of how “Senior Conservatives, liberated from the dominance of May’s advisers, Fiona Hill and Nick Timothy, are starting to think aloud about economic reform ...”

Into the fray steps McDonnell, offering to rally the discontented behind Labour in a series of votes.

McDonnell issues the by-now-obligatory appeal to the right wing of the Labour Party, with Stewart writing that “he will be asking veterans of previous Labour governments to offer their advice to what is still a relatively young, inexperienced shadow cabinet of Corbyn loyalists ...”

In addition, Stewart defends McDonnell from the false belief of the right wing that he “would rather stir up a revolution on the streets than win a peaceful victory at the ballot box.” No so. He wants an end to divisions, over Brexit and other issues, so that the party can take on the Tories:

“We’re working on the basis that the government could collapse at any time ... We’ve got to do everything we possibly can to divide and demoralise them, and push that collapse, because that’s coming. But do that in a way that demonstrates that we are an alternative government, ready to go in.”

Who must McDonnell convince and what demonstration of a fitness for government is he referring to? Stewart answers that McDonnell and his “team have been out and about in the City, offering reassurance that their policies would not destabilise the economy—and obviate the risk that nervous investors would react with panic to a Labour victory at the polls.”

From here on in, all pretensions of radicalism are

junked as McDonnell insists, “The issue for us is to stabilise the markets before we get into government, so there are no short-term shocks ... We’re sitting down with people in the City—asset managers, fund managers and others. I’ve been to the London Stock Exchange. I’ve said: ‘Look, if I believed half the stuff in the *Daily Mail* about myself, not only would I not vote for myself but I’d be terrified as well. But let me reassure you, this is what our plan is.’”

Labour’s “plan” was never the radical anti-austerity package it was portrayed as by the pseudo-left cheerleaders for Corbyn. The manifesto for the June 6 general election reaffirmed Labour’s commitment to NATO, to spending two percent of GDP on defence and the renewal of the Trident nuclear weapons system. It declared, “Labour understands that wealth creation is a collective endeavour—between investors, workers, public services, and government” and pledged an “industrial strategy [that] will make Britain a better place to do business, and give businesses the confidence to invest in Britain.”

Corporation tax would be kept “among the lowest of the major economies,” while all public spending commitments, including a £250 billion “ten-year national investment plan to upgrade Britain’s economy”—would be subject to a Fiscal Credibility Rule “that Government should not be borrowing for day-to-day spending.”

With Corbyn himself speaking to the Confederation of British Industry, promising to hike up productivity while focusing on the party’s £250 billion National Transformation Fund to boost industrial investment, McDonnell chose to close his own big business charm offensive with closed-door appearances in July before the London Stock Exchange.

According to eyewitness reports to Reuters, McDonnell focused on floating the idea of a tax on financial transactions—known as either a Tobin Tax or sometimes a Robin Hood Tax.

Robin Hood would laugh loud enough to shake the leaves from every tree in Sherwood Forest at the pathetic proposal bearing his name.

McDonnell, Reuters writes, “told executives from Standard Chartered, the London Stock Exchange, the City of London Corporation, lawyers, lobbyists and accountants” that the tax was “proposed to be around half of a percentage point or less on the value of a trade.” Or, to be more precise, “0.2 percent of the value of trades for banks, hedge funds and other financial companies, and 0.5 percent for non-financial businesses.”

Even this paltry proposal was given short shrift. Richard Benson, co-head of portfolio investment at currency managers Millennium Global, said it would send trading activity away from Britain and could be “straw that breaks the camel’s back” post-Brexit.

Others were less inclined to balk at McDonnell’s face-saving proposal and focused instead on his real message to the City. An executive who attended one of the meetings with McDonnell noted that Labour “are actively encouraging feedback and wanting to meet people further to discuss feedback. I thought that was a very positive message.”

In the same vein, Therese Raphael wrote for the business news service Bloomberg on July 31, “If he does eventually lead a government, Corbyn is not going to be as chummy with the City as Tony Blair once was, but nor is he as impervious to argument or as resistant to change as many believe. He increasingly dons crisp white shirts and red tie for major engagements; he has shown pragmatism in policy when it’s called for. The City’s unfriendly neighbour is, after all, a politician. It’s time they talk.”

More pointedly still Reuters noted how, “Some bankers predicted that if Labour were to be elected, it would adopt a more centrist approach like former French President Francois Hollande or Greek Prime Minister Alexis Tsipras.”

This is a devastating observation. The Socialist Workers Party, the Socialist Party et al dedicate their every effort to boosting “Jeremy” and insisting that Labour under his leadership is so very different from Greece’s Syriza and will not betray. In contrast, leading representatives of big business have met with McDonnell and concluded that Corbyn is indeed the British equivalent of Alexis Tsipras and that his anti-austerity pose is just as worthless.



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