

UK budget: Labour makes clear big business will dictate Corbyn government policies

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The only good thing to come out of this week's Conservative government budget is that it exposed the claim that Labour under Jeremy Corbyn would carry out any genuine measures to end austerity or challenge the dictates of big business.

Prime Minister Theresa May pledged that austerity was “coming to an end” at the Conservative's annual conference earlier this month—a claim so ludicrous that leading Tories expressed disquiet at raising expectations that no one intended to fulfill.

In the end, Chancellor Philip Hammond presented a budget with promises to ease off slightly on austerity, based mainly on increased revenues resulting from desperate people withdrawing their pension funds and paying tax on it. All major cuts remain in place, other than a paltry £5 billion extra funding per annum for the National Health Service already unveiled by May in June—after the NHS has already seen cuts of £20.5 billion and must find £22 billion in “efficiency savings” by 2022.

Aside from this headline figure, Hammond allocated £1 billion to help speed up the transfer of claimants to the widely hated Universal Credit system, which replaces six in-work benefits and has impacted negatively on many poor families. Cuts to benefits since 2015 dwarf any extra money being made available to claimants, including a four-year freeze that will have cost an average of £450 per year for 10.5 million households by 2020. Just £400 million extra was announced for schools—around £50,000 for each school—under conditions in which there is a £2 billion shortfall to schools in England every year.

So pathetic was the Tory pretense that the director of the Institute for Fiscal Studies, Paul Johnson, declared, “[T]his is no bonanza. Many public services are going to feel squeezed for some time to come. Cuts are not

about to be reversed.” He noted that the 2.6-3.4 percent increase in NHS funding did not match average increases of 3.7 percent “a year over the NHS's entire history.”

To add insult to injury, Hammond announced that the personal tax allowance—the minimum someone can earn before paying tax—will rise by just £650 to £12,500, while the higher rate personal allowance—at which someone starts paying the 40 percent tax rate—is to increase by £3,650 to £50,000. This package costing the Treasury nearly £3 billion will barely increase the income of lower paid workers while increasing that of upper-middle-class layers by hundreds of pounds—with around half of the tax break going to the top 10 percent of earners.

This should have been the stuff that Labour's Shadow Chancellor John McDonnell made a political meal of—nothing for the poor and a handout to the Tories' wealthier supporters. Instead, he was immediately forced on a back-foot.

When asked whether Labour would reverse tax cuts for higher earners, he replied, “We're not going to take money out of people's pockets. Simple as that.”

This declaration met with feigned outrage from various right-wing Labour scoundrels—such as Greater Manchester Mayor Andy Burnham, who said the tax cuts would be “hard to justify at any time”; Alison McGovern, the chair of the Blairite Progress group; and Tottenham MP David Lammy, who said, “These tax cuts leave a bitter taste in my mouth because they help high earners in the City far more than my constituents in Tottenham, some of whom this winter will be facing the choice between eating and heating.”

In response to criticism from such sources, McDonnell initially felt he could stand his ground—citing his concern for “middle-earners,

headteachers and people like that, who've had a rough time of it, as well as everyone else." Labour, he said, would instead implement a new top rate of 45 percent for those earning over £80,000 a year and would reverse some Tory cuts to corporation tax.

His attempt at self-justification, by striking a pose slightly to the left of Burnham et al. on increasing corporation tax, is pathetic. His alternative measures would barely infringe on the wealth and assets of the super-rich—amounting to a slight rise in income tax for the top 5 percent of earners and leaving corporation tax at one of the lowest rates in Europe. In any event, his “defiance” did not survive the day. By Wednesday, he said that Labour would not directly support the tax breaks but would instead abstain on a vote on them!

As always, McDonnell's real concern is not for the plight of “middle earners,” but that he does nothing that risks sending a negative signal to big business regarding the political loyalty of an incoming Labour government.

Yesterday, he continued his ongoing charm offensive in the City of London with a meeting at the headquarters of the global media group, Bloomberg. The *Independent* reported, “Among the finance groups listed as invited were Aviva, Prudential and the Investment Association, as well as representatives from Pfizer, Skanska, John Lewis, Virgin Media and the Crown Estate.”

In his most explicit statements yet, McDonnell reassured his well-heeled audience that there was “nothing up my sleeve” for them to worry about.

He begged, “Come in and advise us. Here's our objectives, if you're not keen or if you don't like the policies we're using to achieve those objectives, if there's another way of achieving those objectives let me know and we'll discuss them. If there's another way that's more pragmatic, we'll do it.”

Their profits would flourish under Labour as, “All the asset managers, the bank managers—what we've been saying is that what you'll get from us is certainty.”

Nothing would be left to chance, as, “We'll publish everything in advance—what the policies are, what the costings are, where the funding will come from. Some things you will like because you will get a good rate of return on your investments.”

Such statements, made in private to the representatives of the financial oligarchy, make

McDonnell's public utterances on tax cuts for the better-off pale by comparison.



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