

Mr Starmer's sweet nothings

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Labour's catastrophic defeat in the Hartlepool bye-election has many different causes. But the central one is that Keir Starmer has failed to offer any substantial alternative to Tory strategy. Why vote Labour when you can vote for 'the party that has vaccinated the whole country so successfully'? How has this failure to offer a different vision come about?

For nine months after his election as leader of the Labour Party in April 2020, Keir Starmer focused on criticising the government's response to the pandemic, and promoting Labour as the party of 'competence'. He said nothing about Brexit, nothing about ten years of Tory austerity, and nothing about Labour policy on these issues. He insisted the party was 'under new management', and busied himself with driving Corbyn and the Corbynite left out of the party. His 'vision' for Britain was optimistic and anodyne. After the ratification of the trade treaty with the EU he opined that, by working together, the UK can be 'the best country to grow up in and the best country to grow old in'. He stated his support for 'families', 'decency', and 'progressive patriotism'. He made no overall criticism of the Conservatives' ten years of austerity, merely complaining about particular, limited manifestations of it.

In early 2021, Starmer came under pressure from the centre and right of the Labour Party and their mouthpiece *The Guardian* to come up with a more substantial message. Accordingly, on 15 February he made a much-hyped 'big speech'. This was entirely vacuous: its main point was to say what Labour would *not* do. The government's budget delivered on 3 March gave Starmer another bite of the cherry. But once again, he came up with nothing. He proposed no increase in public spending on services and benefits to begin to make up for ten years of Tory cuts, no substantial investment in industry and green infrastructure, and no increased taxation of business and the rich. On 4 April *The Observer* gave its front page and an inside page to Starmer to put forward his strategic vision for Britain. The piece was a banal wish list - Britain needs more jobs, 'great' public services, less inequality - but had no policies whatever through which these lofty aims might be achieved. So Starmer's strategy is - nothing. Or rather, it is acceptance of neoliberalism and its specific shaping by Cameron, May and Johnson.

This prostration was first manifested in Starmer's stance on the government's negotiation and implementation of the treaty with the EU. From his election until the signing of the agreement on 28 December 2020, Starmer said little on the negotiations except that the government should make a deal, any deal. He did not demand, as Corbyn had done in 2016-8, that the UK should remain in the Customs Union, thus avoiding a huge hit to the British economy. When Johnson sought ratification of the treaty in parliament, Starmer whipped his MPs to vote for it. Since then, he has not mentioned the words EU or Brexit. When the government within weeks of signing the treaty proceeded to legislate for employment and ecological regulations inferior to the EU's, Labour opposed the substance of some of the legislation but studiously avoided mentioning that it reduced protections which the EU had provided and that the legislation broke an international treaty. Since small and medium British firms discovered that both exports to and imports from the EU were substantially blocked by the new customs arrangements, Starmer has said nothing, passing a golden opportunity to present himself as the defender of British business. Starmer's vow of silence on Brexit is exquisitely ironic: he led the push to get Labour to call for a second referendum on Brexit

in the 2019 manifesto, a policy which ensured Labour's loss of dozens of Leave-voting constituencies. He now wishes to demonstrate to Leave voters that he is as dedicated to hard Brexit as the Conservatives.

In his 'big speech' on 15 February, Starmer made one valid, if commonplace, observation: that the impact of the pandemic is worse because of ten years of Tory policies. But he didn't explain *why* this is the case, and he drew no policy conclusions whatever from it. His 'strategy' consisted of three entirely negative points, designed to distinguish himself from Corbyn. First, 'Labour will not treat business with indifference but will work with business'. Second, 'Labour will not treat business as a source of tax'. Third, 'Labour will not increase tax on the hard won earnings of ordinary families'. (These supposed attacks on Corbyn forget that the 2019 manifesto had major policies to support business, and promised no increases in tax on incomes under £80,000 a year.) The overall message was: no increase in tax revenue, and so no increase in revenue spending.

Starmer put forward two policy proposals: to expand National Savings so as to provide a haven for the savings of the better-off which they have accumulated over the pandemic; and a £1bn a year increase in funds for firm start ups, a bung for middle-income people who have lost their jobs. Leaving aside their inefficiency, these policies are grossly inadequate to present needs.

Early last year when Starmer was running for the Labour leadership, he said that he stood by the 2019 Labour manifesto, and on that basis won the leadership. The manifesto proposed a £83 bn a year increase in current spending in the first year of a Labour government, an increase of around 12%, to begin to repair the dire state of services and benefits. This was to be funded by the same amount of increased tax on capital (about 90% of the increase) and the rich (10% of the increase). The manifesto also proposed that government borrowing for investment be increased, taking advantage of near-zero interest rates: an extra £50 bn a year to fund a National Investment Bank and the Green New Deal; and the nationalisation of the utilities, funded by bonds. Expensive and inefficient contracting out of services would end. But nothing of this approach found its way into Labour's pronouncements on the budget.

Media discussion of the budget was dominated by the short-term government spending in reaction to the pandemic - furlough payments, grants and loans to firms, and benefits payments to the unemployed. The recession caused by the pandemic reduced tax revenue. Together, these increased the fiscal deficit in 2020/21 from that projected before the pandemic by around £350 bn. Labour has criticised the inadequate level of some of this spending (benefit rates and furlough payments) and its inefficient form (the track-and-trace scheme). It has criticised the allocation of contracts to Tory chums, though not contracting out itself.

But Labour had nothing to say about the long term patterns of spending on public services and benefits, public investment, industrial policy, and means and rates of taxation put in place by the Conservatives since 2010. The Tories have carried out massive cuts to public services and benefits. Even before the pandemic, services were in tatters, the workload on public sector workers intolerable, and their wages frozen. There had been a 15-20% real cut to public sector wages. Central funding of local government was cut by 50% on average, more in most Labour-controlled authorities. Spending on housing, social care, nurseries, libraries and public spaces was slashed; youth services and day care centres have vanished. In private-sector run social care there were 100,000 unfilled posts, and workers suffered atrocious pay and conditions. In the NHS, there were the lowest number of acute beds per capita among high income countries, and 85,000 nursing posts were unfilled. Schools had classes of 30+, buildings and equipment were grossly inadequate, and teachers had to work 60 or 70 hours a week, with consequent high drop out rates. Cuts to funding

of legal aid mean that ordinary people had no possibility of help. The number of civil servants, local government officers and staff of regulators is so depleted that many government spending programmes are simply not implemented, policing of regulations on the environment and employment is non-existent, and the government 'has to' contract out programmes to the outsourcing corporations and consultancies.

Sunak's budget freezes spending on public services in 2021/2, and cuts it by £15bn in 2022/3. The least that Labour should have demanded is an immediate rise of 15% in spending on services to bring wages back to 2010 levels, plus a 20% rise to begin to restore services and reopen closed ones. On base spending of around £500 bn, this is increased spending of £175 bn a year. Since services are labour intensive, around 30% of this comes straight back to the Treasury in tax, so the net cost is around £120 bn a year. This could have made a start on the 'care-led recovery' proposed by the Women's Budget Group. Since 2010, benefits other than the state pension have been slashed, most grievously disability benefits, the bedroom tax, housing benefit, and the five week wait for Universal Credit; statutory sickness pay is a ludicrous £95 a week. Sunak has frozen these too. Labour should have demanded a doubling of non-pension benefits overall, costing around £75 bn a year. This total increase of spending of £195 bn a year gives a sense of the *scale* of what is needed.

In the event, Labour has demanded no increase whatever in funding of public services and benefits. Labour has criticised particular fields of government spending. It has opposed the cut in the overseas aid budget, and *pointed to* problems such as the crisis in local government funding, the low level of statutory sick pay, the real wage cut for NHS staff. But they do not say what increases are needed in these areas; and because they do not propose to increase overall spending, increases in these fields would be offset by cuts in others. This repeats exactly Miliband's mistake in 2010-5. A significant instance of Starmer's failure on this issue is his recently-launched campaign for the May local elections. In his eagerness to be 'positive' and optimistic, he makes no demand for a (radical) increase in central government funding of local authorities, and no criticism of the dire state of social care and housing. Instead, he talks of the great job being done by Labour-controlled authorities in administering austerity.

Regarding production, the last ten years have seen rock bottom levels of productive investment by capital. Corporations have failed to invest, and have instead used their profits to pay dividends, buy back their shares, speculate in money markets, and give ludicrous rewards to their executives. Since Cameron abolished the English Regional Development Agencies, the Conservatives have had no serious national, regional or local industrial strategy. Local economic 'regeneration' has been confined to enabling of commercial property and housing for owner occupation, both of abysmal quality and often in inappropriate and inaccessible green-field sites. Johnson's 'levelling up' of the North proceeds entirely through physical infrastructure: HS2 and the numerous pots of money to towns to build something visible which the Tory MP or mayor can cut the ribbon of. The thing that could actually make the biggest difference is a reversal of the cuts to local government. But Starmer has made no criticism of this appalling record. The proposals in Labour's 2019 manifesto for state industrial and green investment have been forgotten.

Chancellor (finance minister) Sunak presented two new 'industrial' programmes in his budget speech: a 'super-deduction tax break', in which businesses which invest in fixed capital and R&D can write off 130% of the cost against corporation tax; and seven Free Ports in England of 28-mile radius, in which investors will be able to import goods free of tariffs for reprocessing and where they are exempted from most taxes. Because they are not part of an industrial strategy, these programmes are scattergun, inefficient and wasteful. Their real aim is to further cut taxes on

capital, and to position some cranes onto derelict sites in target seats – pure Thatcher. Yet Starmer offered no criticism of them.

Starmer's failure to call for increased spending is designed to avoid being accused of 'spending money we haven't got'. But in reality, it would be easy to fund an ambitious programme of economic and social renewal from borrowing and increased taxation of capital and the rich. Increased spending on services and benefits of the order of £200 bn a year does not require any increase in taxation: it can be funded by borrowing at close to zero interest rates. Or it can be funded by the Bank of England printing money and lending it to the Treasury: the majority of extra government borrowing during the pandemic has been funded in this way. Since 2010 the Tories have cut corporation and other taxes on capital, and cut income and inheritance tax on the rich. In the lead up to the budget, Starmer declared that he was opposed to an increase in corporation tax since businesses are hard pressed by the pandemic and that such an increase would choke off investment in the recovery. This shows extraordinary ignorance of current tax practices. Much of the capital operating in Britain avoids paying any corporation tax by using Britain's tax havens. Firms which are making losses as a result of the pandemic, recession and Brexit do not pay any corporation tax. Many corporations – the supermarkets, Amazon, the outsourcing corporations, pharmaceuticals – have made super profits from the pandemic. Corporation tax is applied to the financial sector, where profit rates are more than adequate. In the event, Sunak outflanked Starmer by announcing that corporation tax would jump from 19% to 25%, albeit postponing this to the never-never of 2023/4.

Starmer has been equally reticent on the many other ways in which taxation of capital and the rich could be increased, some included in Labour's 2019 manifesto. The archipelago of British tax havens could be closed; tax evasion and avoidance stopped; a Financial Transactions (Tobin) Tax imposed; a 100% tax placed on land price rises due to planning consent; a wealth tax imposed on the 1% who own 50% of the wealth; and Capital Gains Tax raised at least to the top level of income tax. This approach already has strong support in the public. If Starmer campaigned for these measures, it would make clear that Labour would 'increase taxes' without increasing taxes *on workers*.

Starmer's adoption of the Conservative's fiscal strategy is all the more extraordinary in that in the last six months major sections of the international bourgeoisie have moved against this strategy. The IMF has called for increases in state spending, borrowing and taxes on the rich. The OECD is developing a policy for minimum taxation of corporate profits, and for preventing transfer of profits to low-tax jurisdictions. Biden is developing spending programmes of around \$1.5 tr per year in total - the equivalent in Britain would be an increase of £250 bn a year. And he is proposing to increase taxation of capital and the rich, including capturing an additional \$180 bn a year from the super-rich. Starmer is now miles to the right of Biden, the IMF and the OECD!

The Labour left is presently absorbed in fighting its purge by Starmer. But the Corbynite MPs are not organising their supporters among party members, nor challenging Starmer's capitulation on economics. I hope that this begins while there is still a Corbynite membership left. Meanwhile, the task of developing a socialist economic and social programme for Britain will fall to the trade unions, social movements and community campaigns.