



“Corbynomics”?

Expropriate the banks!

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There is a buzz about “Corbynomics”. That’s positive. For the first time in ages the neo-liberal economic orthodoxies insisted on by the Blairite Labour Party are up for debate and discussion.

What Corbynomics means, though, isn’t clear yet. It remains to be defined, not just in detail but in broad outline. The left should plunge into the debate – and be bold.

There is a problem about the lack of left-wing Labour economic policy for Jeremy Corbyn and Shadow Chancellor John McDonnell to draw on. On issues like the NHS, say, or renationalising the railways and Royal Mail, there is policy and they should do more to promote it – a lot more. On wider economic policy, there is more of a vacuum on the left, and a need for socialist ideas to fill it. But some of what Corbyn has said points in the wrong direction.

So, for instance, in the steel crisis, Corbyn and McDonnell said that if no capitalist buyer for Tata’s plants was found, they would support nationalising them – but only in order to find a buyer, and then sell them off again! Why didn’t they take the opportunity to argue to nationalise steel permanently, safeguard jobs, workers’ terms and conditions and communities, and run things differently to produce what we need for social purposes, like building housing, public service and public transport infrastructure?

Fiscal responsibility?

In his speech on 11 March, John McDonnell talked about “fiscal responsibility” – presumably in order to buy space to attack George Osborne’s 16 March Budget cuts. But anxious promises that a future Labour government will balance current spending with current revenues – which Osborne has not done after six years as chancellor! – only feed the superstition that the economic problems since 2008 are due to the Blair and

Brown governments “overspending” on public services.

They aren’t. The reason for the crash and the slump was giddy profiteering and speculating by the banks, not public spending.

Now, there is no special merit in a government increasing its debt burden. However, a rigid rule of balancing current spending with current revenues is foolish. As Simon Wren-Lewis, professor of economics at Oxford University and an adviser to McDonnell, has pointed out, “the rule is likely to make the deficit much less of a shock absorber, and so lead to unnecessary volatility in taxes or spending”.

Also, since raising taxes is politically difficult, often slower in effect, and involves running uphill in times of economic crises which reduce the tax base, the rule has a built-in bias towards panic “volatility” (cuts) in spending. McDonnell has long campaigned against cuts. It looks as if he has been pushed into his latest statements by the conservative elements in the Labour leadership office – part of a more general problem.

Who are the “wealth creators”?

Probably also a reflection of that section of the Labour leadership office were McDonnell’s off-key statements about “the wealth creators”.

“The Labour party are the representatives of the wealth creators — the designers, the producers, the entrepreneurs, the workers on the shop floor.” He claimed that his policy “has been welcomed this morning by [people] right across the business sector, business leaders, entrepreneurs as well as trade unions. The wealth creators have welcomed it”.

According to Mike Savage, a researcher at the LSE, inherited loot is 70% of all household wealth in Britain

today, and is rising towards 80% by 2050. One of the most booming industries in slump-ridden Britain is the rise of “family offices”, where financiers work full-time on managing and conserving the wealth of rich families. “Wealth creator” is conservatives’ pet term for capitalists. In fact capitalists’ riches come from the exploitation of the real wealth creators, the wage working class – or from active exploitation done not by the capitalists, but by their parents and grandparents.

McDonnell added “the workers on the shop floor” at the end of his list of “wealth creators”, and put “designers” (i.e. some particularly skilled workers) at the start of the list. But the idea that a good economic policy can be pursued in alliance with the whole “business sector” is false. It can only prepare the way for a collapse when the CBI and other bosses’ groups denounce left-wing policies from Corbyn and McDonnell, which they will.

Is a National Investment Bank a left-wing policy?

Similarly, the leadership has focused on the call for a “National Investment Bank”, a publicly-owned bank able to borrow more cheaply than commercial banks because of its government backing, and lending for infrastructure and industrial projects.

The model must be the KfW, the German state’s federal investment bank, set up under the Marshall Plan in the 1940s and still going strong. It’s a safe, conservative model, maybe useful as a capitalist technique, but in no way anti-capitalist or socialist. The current chair of the KfW Supervisory Board is German finance minister Wolfgang Schäuble, Europe’s sternest austerity-hawk and central to the crushing of the anti-austerity rebellion in Greece.

There is nothing really socialist or even left-wing about the proposals for a Schäuble-bank in Britain. In fact it seems more like a way of avoiding a clear left policy about what to do about the banks.

Expropriate the banks!

Replacing capitalism with socialism requires public ownership, democratic and workers’ control and planning of the giant corporations and enterprises central to the economy. That is hardly even conceivable

without an insurgent workers’ movement challenging the capitalist class on every level – which is what we must work for, rather than damping it down with appeals to “wealth creators”.

To even move in this direction requires transitional demands to campaign for. An obvious one to make central is public ownership and democratic control of the banks and high finance – a sector central to the economy’s functioning and to the economic chaos which has engulfed us over the last decade.

Banking should become a unified, democratically run public service providing banking, pensions and mortgages for everyone who needs them, and funds and resources for investment in public services and all areas of social need – instead of acting as an engine for devastating them while promoting inequality.

Public ownership of the banks has been official TUC policy since it was proposed by the Fire Brigades Union in 2012, but left dormant. We should fight to activate it, and make it active Labour policy too.

All this poses the question of what kind of Labour government we want. In place of an alternative capitalist administration, the left should set ourselves and shape our campaigning around the goal of a *workers’ government*, accountable to and drawing strength from the mass organisations of the labour movement, and willing and able to force through measures like expropriating the steel industry and the banks – and much more.

More

Motion for expropriation of the banks and a workers’ government, passed at Labour Representation Committee conference, 20 February 2016
www.workersliberty.org/node/26739

Motion for nationalisation of steel passed at mass meeting of Corbyn supporters in South London
jillsmomentumblog.wordpress.com/2016/04/12/stelcorbynomics

Workers’ Liberty is a revolutionary socialist organisation active in the Labour Party, Momentum and the trade unions as well as many other movements, campaigns and alliances. Get in touch!