FOR THE MANY, WHILE PRESERVING THE FEW.

The Labour Party Manifesto is significant for three reasons. Firstly, if Labour is elected and implements the Manifesto, it marks the definitive end of the period of neo-liberalism (austerity). Secondly, it is a class collaborationist document which seeks to unite the many with the few on the basis of greater equality. Thirdly, it is presented as affordable and fully costed.

When Labour Politicians talk about Britain, they always say “our” country. “This election will shape our country for a generation” (Foreword to the Manifesto by Jeremy Corbyn.) But there is no “our” country, only “their” country. This country is owned by the capitalist and landlord class, a tiny minority, while the vast majority, over 80% of the population work for them. The top 5% enjoy 40% of total income (an underestimate) while the bottom 50% only earn 38% of total income. Additionally, the top 5% of the population own 40% of the wealth, which is again an understatement, given that at least two-fifths of UK wealth is lodged offshore.

It must be clear from the outset, despite the ambitions of the Manifesto, its intention is not to end the power of the capitalist class, but to moderate it. Thus when Jeremy Corbyn declares: “Labour will put wealth and power in the hands of the many. Boris Johnson’s Conservatives will look after the privileged few” this is clearly not true. The scale of taxation on the top 5% of earners and large corporations will amount to £41.4 billion according to Labour’s Grey Book. It won’t impoverish them, let alone force them to adjust their luxurious lifestyles.

This redistribution via taxes represents around 2% of national income. (ONS data) This 2% figure needs to be put in perspective. In 1938 the top 10% earned 34.8% of income. By 1979 that had fallen to 21% in 1979. By 2010 it rose back above 30% where it has stayed. So a shift of 2% is not significant at all. [https://www.equalitytrust.org.uk/how-has-inequality-changed](https://www.equalitytrust.org.uk/how-has-inequality-changed)

If we consider the taxation of corporations, the proposal should amount to between 6 and 7% of their profits. This would have reduced the ratio between the operating surplus and employee compensation in 2018 from 41.6% to 39.9%, still comfortably above the 35.5% average from 1955 to 1979 and the election of Thatcher. (Green Line)

Graph 1.

![UK: Gross Operating Surplus % of Employee Compensation](image-url)
We should also bear in mind, that if we moved the salaries of the top 1% of wage earners, the main gainers, to the surplus side, the surplus ratio would exceed 45%. Between 1997, when total wages went up 171%, that of higher earners went up by 230%.


In terms of national income, the rise in corporate taxation will amount to 1.6%. Taken together, the redistribution will be equal to 3.5% of national income. From the squeals emanating from the snouts of the rich, oh yes they have temporarily taken their snouts out of the trough, you would think the pigs are about to be stuffed. But this redistribution really amounts to crumbs. And before they cry unfair, let us compare this rise in higher rate and corporate tax to the rise in VAT which falls so heavily on the body of society because we all pay the same rate even if we are unemployed.

Graph 2.


Since 2009 and the financial crash, VAT has gone up from 23% of the total tax take to 29% a rise of 6%. On the other hand income tax has fallen from 57% to 51% a fall of 6%. Corporation tax has fallen from 11 to 10% while national insurance has remained steady though up 2% from where it was at the turn of the century. (There is a trend line for corporate tax to show its steady decline over the series.) Thus the tax proposals in terms of redistribution roughly reverses the benefits from tax changes enjoyed by the rich since 2009. Not revolutionary.

Are their investment proposals also revolutionary? According to the Institute for Fiscal Studies, no friend of Labour, they expect the additional investment to be of the order of £55 billion annually. (https://www.ifs.org.uk/election/2019/article/labour-manifesto-an-initial-reaction-from-ifs-researchers) With the Green Deal added in it could be closer to £100 billion. If we settle for £55 billion
this will increase current gross fixed investment by one-sixth, raising it from the current 16.9% (Graph 3) to 19.6% of GDP. That will raise it above the long term average rate of 18% (green line) to levels last seen in the 1980s.

Graph 3.

In the international context, this rise in investment from 16.9% to 19.6% would put investment in Britain smack into the middle of the G7 pack as Graph 4 below shows. So again not revolutionary.

Graph 4.

Figure 2: Gross fixed capital formation as a percentage of gross domestic product between G7 nations, Quarter 1 (Jan to Mar) 2005 to Quarter 1 2017

Source: Organisation for Economic Co-operation and Development

(Source: https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/aninternationalcomparisonofgrossfixedcapitalformation/2017-11-02)
The problem in Britain is not too much investment, but too little, which in turn has had an adverse effect on productivity. The graph below, taken from the Office of Budget Responsibility shows that productivity in Britain is negative with investment barely growing compared to say Germany and Japan. If Labour’s investment plans boosts productivity, then there would be greater scope for profits and wages to grow.

**Graph 5. Pre-crisis and Post Crisis growth rates.**

![Graph showing productivity and investment growth rates](image)

Note: The scale on both axes show the percentage point difference between the average growth rates from 1998 to 2007 compared with 2010 to 2016.

Source: OECD

The final element is to factor in the expenditure side. What will be the effect of the £83 billion of additional expenditure? This is an additional 4% expenditure which Labour claims will boost GDP by 2%. This would mean public spending rising to 43% of GDP (the orange line). This is higher than the average of about 40% of public spending in the period of neo-liberalism but it would be no higher than that frugal leader, Germany and well below the EU average of 45.6%.

**Graph 6. UK Public spending as a share of GDP (%)**

![Graph showing public spending as a share of GDP](image)
Thus we see that Labour’s ambitions measure about 4 on the Richter Scale, meaning it is minor. Enough to be noticed, enough to cause some movement, but not severe enough to break anything. You would not tell that from the media and the BBC, which feeds directly onto the doorstep. According to them it is at least a 7, enough to crash the economy. Other favourite metaphors is pie in the sky and unachievable. However, Labour’s policies, while not revolutionary are radical, breaking with the 40 year old neo-liberal strategy of a small state, minimal government spending, wholesale privatisation, deregulation and low taxes. All of which benefits the rich at the expense of the poor.

**Tying workers to big capital.**

One of the main themes of the election campaign is Labour’s commitment to bring the country together, to heal all the divisions. Not only over Brexit, but by reversing inequality, and providing worker representation on company boards, and through targeted investment, to give workers a bigger stake in a successful capitalist Britain. In the sphere of production, this is the equivalent of giving workers in the sphere of consumption, “the right to buy” their homes. Its purpose, to give workers a bigger stake in the economy. “Under Labour’s plan, employees will make up one-third of reformed company boards and have an enhanced share of company profits through an Inclusive Ownership Fund, into which listed companies will transfer 1% of their shares every year for the next 10 years.” *This is less radical than previous proposals and workers’ dividends will be capped at £500.* (Reported by the BBC.)

Thus a stake in their companies and a bit of steak each year. The clear unspoken purpose of this offer to big capital is that it is a good deal, because workers committed to the success of their company will provide them with more profits than it will cost the company in shares and dividends. So while they may huff and puff in public to please their shareholders, in private they are likely to see it as an offer they can’t refuse.

However, workers on boards have not arrested the hand of management. Instead members of the works committee of Volkswagen for example, were arrested for accepting bribes and prostitutes from its managers. In fact Mr Hartz, the king of the work’s committee, who was also prominent in the German Social Democratic Party helped devise the harsh labour reforms which bears his name, and which ensured that German workers’ pay fell well behind profits. It was a great bargain for capital. ([https://www.wsws.org/en/articles/2007/01/volk-j27.html](https://www.wsws.org/en/articles/2007/01/volk-j27.html)) Having workers on boards helps improve the profitability and image of the corporation, it does not further the aims of workers. Macdonald’s claim that it will help prevent the outrageously high salaries of senior management is unproven anywhere, and will be here too, because they are set by an independent board to which workers will most definitely not be invited to.

The real problem is whether these worker representatives will be decanted from the trade union bureaucracy or whether the rank and file will be elected democratically from within the corporation. There is only a bald statement in the Manifesto “*We will require one-third of boards to be reserved for elected worker-directors*”. Beyond being elected there is no more detail. There is no detail on how long these worker directors can stay in post before being re-elected, how they can be recalled, nor how the unions will be represented on these boards, nor gender balances and so on. Nor and this is most important, the function of worker directors during a dispute. As long as the position remains open ended, it is a recipe for corruption and class collaboration.

**The progressive side to the Manifesto.**

There are two progressive sides to the Manifesto. The first is the pledge to reverse privatisation. This is not only an economic issue, but a cultural one as well. The cultural element is often overlooked.
When Thatcher declared there was no such thing as society, she started a cultural counter-revolution, a free for all. This beggar my neighbour destroyed public service. It led to a mean and cruel society where corruption flourished as privatisation ploughed up society. It invaded every corner; to the heads of academy schools, to those who profited from the benefit system that victimised the most vulnerable, to care homes, to water, to fostering, to everything and anything that could be leveraged to make a profit.

Hence the attack on this culture is progressive. Labour is saying that it is not ok to make money out of the sick, the vulnerable, from pupils, from prisoners, from even the weather. This is especially true of the NHS. The extent of privatisation of the NHS has reached the point where it effectively needs to be renationalised in order to put an end to PFI, the internal market and fragmentation. If Labour had any sense they would do a national audit to show what privatisation has cost the NHS and patient care. Had workers known this at the time of the referendum they would have burnt that bus in the first town it visited.

Abolishing privatisation will end the fountain of profit that has enriched the few. That applies to municipal outsourcing which labour intends to end, not only to save money, but to encourage local resourcing. Compared to what came before, this “municipal socialism” is a step forward because it weakens capital and strengthens the local workforce.

The other progressive feature is that it weakens the hand of the employer. “Only by shifting the balance of power back towards workers will we achieve decent wages, security and dignity at work” Labour’s commitment to the union movement is a step forward. The return of sectoral negotiations, the banning of zero hour contracts, of bogus self-employment, fully funding legal aid and employment tribunals helps undo some of the measures that hobble workers. What the Manifesto does not promise explicitly is a return to the old style militant tactics such as flying pickets, solidarity action and the closed shop. It stops short of endorsing the tactics and the methods which raise the spectre of workers control in the workplace and outside the workplace. The current trade union bureaucracy, traumatised by the generational defeat of the working class, are far too timid to endorse such militancy.

Finally there are a raft of policies that will help the working class. From restrictions on landlords, to abolishing universal credit, to turning the benefit system into a social security system through abolishing universal prescription to expanding dental care. In short a quilt of civilising policies that should bring immediate relief to whole sections of the working class and which should not be sneered at.

**The state of the UK and Global economy.**

The world economy remains under central bank intensive care on a drip of low and even negative interest rates. In the sickest row of beds is found Britain. The irony is that it is Boris Johnson, not Jeremy Corbyn, who is delusional when he chants that once Brexit is done, the shackles will be removed, and Britain will thrive as never before. The mantra of the Tory Party, that under their government, the economy has been strong and employment full, is equally delusional.

In fact under their rule, real GDP growth has been just over half the growth rate under the last Labour Government, as the graph below shows. Labour’s growth rate of 3% compares to the 1.9% under the Tories from 2010 to 2018 and if we include the first three quarter of 2019 it would be lower still. Both governments were neo-liberal. Some would say the comparisons were unfair because the Blair government enjoyed the fruits of the speculative boom while the Tories had to step over the rotten fruits of this boom post 2008. But we are where we are and it’s the Tory boast that is being discussed.
In fact when we look at the overall trend from 1996 to 2018 there is a relentless downward slope (the green dash line) in the growth rate.


The vulnerabilities in the UK are two-fold. Because of the City of London and the extravagant consumption of the Banksters, Britain runs the largest balance of payment deficit in the G7. Since 1996, there has been a continuous deterioration in the UK’s balance of payment situation. This has mainly been driven by the deficit in the trade of goods. It is witness to Britain’s declining competitive position in the global economy which has nothing to do with its EU membership, but to the failure of investment over the years. Of all the major economies, US and British employers have been most keen to throw cheap labour at production, and, not the investment needed to create productive well paid jobs. In this sense MacDonald is right, although the reason he puts forward to explain this, is wrong.

Such a deterioration makes Britain dependent on foreign loans and investment. This is not an issue addressed by the Labour Manifesto. But it represents the main vulnerability, not the short term run on the Pound, should Labour be elected.

Graph 8.
The second vulnerability is the size of government debt. It is no use comparing this peace time debt to debt accrued in war. Debt stands at over 80% which is again an understatement. But using the same methodology as found in Graph 9, debt is still double of what it was prior to 2008, and it is sustainable only because interest rates are abnormally low. Graph 10 shows that annual public sector borrowing is increasing in 2019 something which has not happened for five years. And this despite the killing cuts and austerity.

It shows that should the Tories get back in, they will try and reverse this, which means not an end to austerity, but its continuation, if not intensification. Thus in every respect it is Johnson who is lying. Voters should be concerned about why the Tory Manifesto promised so little, instead of wondering why Labour’s Manifesto promised so much.

Graph 9.
Finally, the foundational problem is that profitability has been deteriorating. In common with China, the USA and other major countries the rate of profit, here read as the rate of return prepared by the ONS, has been falling since 2014. If we add in circulating capital which has grown substantially on the back of the employment of low paid and low skilled workers, the fall would be even greater.
The rest of the left.

This what *Socialist Appeal* has to say. The equivalent of spitting at the cars from the pavement rather than the struggle inside the car over who gets to hold the steering wheel. *Socialist Appeal* demands that the pro-capitalist Labour Party must become anti-capitalist. No amount of patching up capitalism can bring the dead economy to life they declare. This is all true, but so what. This is ultra-left sectarianism in its modern setting.

“If Labour is to guarantee the reforms that it has promised, then it needs to break with capitalism. This was the vision of the old Clause 4 from 1918, which talked about the need for the common ownership of the means of production, distribution and exchange.” we must take over the means of production that produce the wealth in society. Attempting to patch up capitalism is like attempting to bring the dead back to life. We cannot wait any longer. The task of the next Labour government is to carry through the socialist transformation of society.  [https://www.socialist.net/labour-s-manifesto-bold-and-radical-but-can-it-break-the-rigged-system.htm](https://www.socialist.net/labour-s-manifesto-bold-and-radical-but-can-it-break-the-rigged-system.htm)

As for the *Socialist Workers* party, reading their newspaper’s coverage of the Manifesto is like reading a book critic armed with two highlighters. The one to highlight the good positions and the other to highlight the worser positions. But as for tactics and engagement, with the exception of opposing a second referendum, nothing.

The left needs to engage with the Manifesto, but how to do so without succumbing to opportunism. Quite simple. It is to support the Manifesto unconditionally without the slightest regard to its affordability. A united front does not begin with the demand for a revolution now, it’s never about all or nothing. It is based on popular demands which benefit workers in the here and now. They are often raised by the miss-leaders of the working class, who will not see them through, but will betray them when the going gets rough.

In its place we need a new vision of unaffordability. That it is unaffordable for workers not to have a fully funded health and social care system, that it is unaffordable not to have comfortable social housing, smaller classrooms, safer streets and so on. In this way to foster class consciousness, where workers put their class first. In this way to convince them that if capitalism cannot provide, then we need a society that can.

Those who seek to load the Manifesto with revolutionary demands, like Michael Roberts, who advocates nationalising the commanding heights of the economy, miss the point completely. The task today is to mobilise workers to fight for the progressive demands in the Manifesto, the ones that caused them to vote for Labour in the first place, because unless and until they do, the certainly ain’t going to fight to nationalise the banks or the City of London, of which the Manifesto says not one word. It seems Labour daren’t speak the name of this temple of capital, really the world’s primary financial sewer and cess pit.

We must convince workers the day after the elections that the Palace of Westminster cannot be the arena where the fate of the Manifesto is decided, but that its fate will be decided in the streets and workplaces boiling over with struggle. We have already seen with the selection of Labour candidates for this election, how strong and manipulative and in place the central committees of the Labour Party continue to be.

In the end, profits decide what is unaffordable or not. If Labour’s demands raise profits by potentially increasing the rate of exploitation, then they will be accepted as affordable. There are a number of these. Purging privatisation from the health service, education, social care and essential services will
reduce their cost to workers and reduce the need for some taxes because they will be cheaper. House building which reduces rents likewise, though a crash in house prices due to a surge in social house building will of course have the potential to bring down the banking system. Healthier and better educated workers produce more profits, and it is an indictment of neo-liberalism, that they have plucked the feathers from the “gooses” that lay their short term “golden eggs”.

Other proposals such as a shorter working week, higher minimum pay, improved public sector pay, higher staffing levels, ending the gender gap, enabling workers to improve their bargaining rights will certainly reduce the rate of exploitation and hurt profits. So too the Green Deal, though this must be qualified. Capitalism crapped on our planet because it reduced their cost prices thus raising their profit margins. Forcing capitalism to treat a cost which the planet once bore, as a paid cost they must now bear, will reduce their profit margin.

Here comes the qualification. It all depends on technological advances. We have seen how the cost of wind and solar has fallen sharply due to government support which provided transitional subsidies while production was scaled up. The same could be said for battery development. If solid state lithium batteries can be developed and produced in their hundreds of millions then clearly the transition away from a hydrocarbon past is eminently possible on the basis of cost and efficiency. But until such time, the costs will outweigh the savings. It is for this reason, that the absence of an income based carbon tax in the Manifesto, which would fall most heavily on the biggest polluters, the rich, is lamentable. Without it, a meaningful green deal, even one laden with investment, will be unaffordable.

**Conclusion**

“It is your opportunity to transform our country, so that it works not just for a few, but for all of us” (Corbyn foreword). “Social justice, on the other hand, demands that we end poverty, reduce inequality and create a society in which the conditions for a fulfilling life are available to everyone.” Businesses are the heartbeat of our economy, creating jobs, wealth and innovations.”

This sums up the Manifesto. Capitalism for the many not just the few. Hail the new society that will work for all of us, whose heartbeat is business. Clearly such a society is worth defending. What better way to defend Britain than with Trident? But how will Trident protect us from business when it suffers heart arrhythmia and sacrifices workers on the altar of profits. How will Trident protect our homes from another crash on Wall Street or the City of London, a crash which cost tens of millions of families their homes post-2008, residential destruction on the scale of nuclear weapons.

The problem with this manifesto, as with every other pro-capitalist reformist manifesto, is that it seeks to bring class harmony to everyone by enacting “social justice”, the modern euphemism for people’s justice or people’s rights. It treats our enemy as our friend because they are part of the society of “everyone”, and it treats our potential friends as an enemy because they do not belong in this island of everyone, unless they are deserving. They are of course the immigrants.

The enemy is seen as without, trying to break down the door to barge into this land of everyone, while business, the cause of all the misery and distress in the world, the enemy within, is portrayed as the beating heart giving life to this land of everyone. This Manifesto is a clear capitulation to the success of capitalist ideology which sucks reason from the worker, who because they are dispossessed of property are overcome by hopelessness and the dread of insecurity. Nowhere is this more intense than over the issue of immigration which is haunting the European and American working classes. The Manifesto is a clear step back from the decisions made at Conference on the issues of free movement.
Despite these faults we embark on a united front with the Labour Leadership. A united front is not based on all sides agreeing to a vow of silence, to agreeing not criticise each other. Of course the bureaucrats will insist that decorum not politics prevail. We will not. We will warn workers at every stage to be on their guard, to protect the manifesto in case the leadership abandon it, but never to see it as an end in itself. If we treat The Manifesto as a base, even a military base, preventing it from being overrun by the traitors in our ranks, then it can be used to sally forth, to achieve even greater victories until we free humanity from the prison house of private property. There is both opportunity and peril. Opportunity to build workers confidence and solidarity for the battles ahead, and peril should we fail, because a demoralised working class is vulnerable to counter-revolution. That is the significance of the Manifesto.

Brian Green, 27th November 2019.