

UK: Labour's Corbyn competes with Prime Minister May for alliance with big business

By Chris Marsden
22 November 2016

Conservative Prime Minister Theresa May and Labour leader Jeremy Corbyn addressed the Confederation of British Industry (CBI) within hours of each other on Monday.

Corbyn was as keen as May to secure the backing of big business. To this end, he shamelessly advanced Labour as the partner of business that could secure the interests of post-Brexit Britain, as against a rudderless and divided Tory government.

May took to the podium first, already facing serious criticisms from business for her lack of a plan to secure what is euphemistically termed a “smooth Brexit”—that is one that maintains UK access to the European Union (EU) Single Market, business’ ability to operate and recruit across Europe and to avoid excessive European customs duties.

CBI President Paul Drechsler insisted that the UK must retain “privileged” access to the Single Market, keep its borders open to European managerial and technical talent and agree transitional arrangements with the EU. He warned that there would otherwise be massive damage.

The Centre for Economic Policy Research, acting for the government, calculated that the cost of complying with new rules for trade after Britain leaves the EU would range from 4 to 15 percent of the cost of goods sold. Drechsler said of the government, “We’re not asking for a running commentary—but we are looking for clarity and, above all, a plan ... Business needs to know we won’t close our borders to Europe’s talent, or lose our privileged access to Europe’s markets ... Today, businesses are inevitably considering the cliff-edge scenario—a sudden and overnight transformation in trading conditions.”

May’s problems have been made worse by the hardline anti-EU faction within her own party, with

Foreign Secretary Boris Johnson last week making a series of deliberately incendiary statements. He described the “free movement” of EU citizens as a “myth,” “nonsense” and “bollocks,” while claiming that the UK would succeed in winning unrestricted or at least preferential trade access to the Single Market without agreeing to it. He went on say of Donald Trump’s victory in the US Presidential elections, “There is every reason to be positive. Donald Trump is a dealmaker, he is a guy who believes firmly in values that I believe in too—freedom and democracy.”

Since November 8, May’s government has been wielding its supposed friendly relationship with Trump—and his endorsement of Brexit—as a weapon against the EU in its negotiations. But prior to May addressing the CBI, various EU leaders let it be known that there would be no “soft Brexit” unless the Tories accept free movement and other conditions.

Making clear that this was a common stand by all 27 member states, Norbert Röttgen, chairman of the foreign affairs committee in the German Bundestag, told the *Observer*, “I am really ready to come to a result but if [the British position is] no, no, no, then even I would have to say that there is no common ground.”

May sought to placate the CBI’s concerns with a mixture of reassurances, eulogies to the free market and a pledge to slash corporation tax.

The Tories “believe in free markets,” she said. “We believe in capitalism” and “we believe in business...” Stressing that there were “not enough people feeling that they share in the wealth created by capitalism,” she appealed for a new partnership with government “to show that the forces of capitalism, globalisation and free trade offer the best hope to the problems facing so many people in our country.”

Brexit was a “true national moment” and an opportunity “to build a stronger, fairer country,” she intoned. But she then made clear that this new reality would be based on backing “British business,” “bringing the deficit down” and making the UK “the most attractive place for businesses to grow and invest” and “the true global champion of free trade.”

May pledged to deliver the “lowest corporation rate in the G20”—cutting it from the present low level of 20 percent to the 15 percent suggested by none other than Donald Trump. Corporation tax is already due to fall to 17 percent by 2020.

She would avoid a post-Brexit “cliff edge” for business—essentially a pledge of subventions to offset any raised tariffs or to negotiated continued access to the Single Market in return for paying into the EU—lasting possibly up to 2025.

To May’s agenda of collusion between business and government to implement Brexit and impose austerity—all wrapped up in talk of a “fairer Britain”—Corbyn counterposed collusion between business and government to implement Brexit, while somehow ending austerity in an even fairer Britain!

“I believe when it comes to government there’s bad intervention and good intervention,” he said, citing “a shambolic Brexit that limits our ability to trade with the world’s largest trading bloc on our doorstep.”

Corbyn would make access to the Single Market its key aim and would invest in infrastructure—proof that “we have plenty of common ground with the CBI.” There would be a “new settlement with business,” with a National Investment Bank to fund “infrastructure, investing in people and skills, R&D [Research and Development] and housebuilding...”

So as not to frighten his desired allies, he politely suggested that this “will mean some increase in corporation tax while maintaining one of the lowest rates in the world.”

May’s proposed further cuts were, he said, “reckless short-term grandstanding.”

This pathetic mixture Corbyn saw fit to describe as meeting “the challenge of the fourth industrial revolution. ... It will challenge yesterday’s received wisdom of private good, public bad. It will need common-good intervention.”

Just to make sure everyone knew who would be calling the tune, he added: “We certainly won’t be

telling you how to run your organisations ... Labour is open. We’re open to change. Open to new ideas. And open to working with you ... Together, I am confident we can rebuild and transform Britain for the common good.”

All that was missing from his hymn of praise to class collaboration was for Corbyn to promise, “The wolf shall dwell with the lamb, and the leopard shall lie down with the young goat ... and a little child shall lead them.”

Instead, in his answer to questions from the audience, Corbyn pledged trade war measures to prevent steel dumping by China: “Fair trade is fine. But this was dumping to destroy our steel industry.”

He left the stage to applause that was, if not exactly warm, at least given in grudging recognition that Corbyn represents no threat to corporate interests—and might even prove to be a necessary political alternative in the event of a Tory meltdown amid the disaster threatened by Brexit.

As an addendum, it should be noted that at the weekend Corbyn’s Shadow Chancellor John McDonnell made his own overtures to business by restating his commitment to continued austerity. He told the BBC’s Andrew Marr Show that there is “nothing ‘progressive’ about running up big deficits.” Labour would, he added, back Tory plans to raise the threshold for paying the top 40 percent income tax rate from £43,000 to £50,000—a move only benefitting the top 15 percent of earners.

To contact the WSW and the
Socialist Equality Party visit:

<http://www.wsws.org>