

# Business warms to Corbyn: getting our bearings in a new political world

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It is now seven months since Theresa May called a general election with the aim of increasing her majority and the *Daily Mail* published a front page headlined “Crush the Saboteurs”. The spring of this year, as regards parliamentary politics, seems like another world.

Following May’s disastrous election results the Tories, far from recovering, are caught up in a perfect storm without parallel for decades, a disaster for which they have no solution. The Tory administration is so extraordinarily divided and incompetent that sections of the ruling class are doing something no one could have predicted in April – they are not only starting to come to terms with a future Corbyn government, but to regard Corbyn as preferable to May. The left needs to begin thinking through how we respond to this remarkable shift in political fortunes.

## **The Tories’ perfect storm**

Every day now opens up some fresh hell for the Conservative government. *The Observer* of 19 November revealed that half of the electorate think Boris Johnson is a bad Foreign Secretary, and before lunchtime on the same day Phil Hammond had told the BBC’s Andrew Marr that there were no unemployed people in the UK.

The first week of November saw May lose two cabinet ministers. The enquiry continues into the “extreme pornography” on the computer of Damian Green, effectively May’s deputy. Ahead of Wednesday’s Autumn Statement Tories were urging Hammond to take bold action to restore Conservative popularity – but his minor manoeuvres on Stamp Duty, Brexit preparations and the NHS will do little to address his embattled position in relation to one faction or another of a deeply divided party. It is only a week, after all, since the leak of a letter from Johnson and Gove to May calling for a firmer pro-Brexit position – a barely-veiled attack on Hammond.

Overall, May is clearly unsuited to the role of Prime Minister, but if she steps down a leadership election will only expose her party’s divisions and enlarge them further. Her government has been defeated in the Commons seven times in the last two months alone – Thatcher was defeated four times in eleven years, Blair four times in ten.

The last Tory government in anything like a comparable situation was that of John Major, who took over from Thatcher in 1990. Soon after his victory in the General Election of 1992, Major suffered a double setback. On Black Wednesday the government spent billions in a futile attempt to keep the pound in the Exchange Rate Mechanism, the precursor of the euro. Huge protests also responded to the government’s decision to close most British coal mines. The Tories’ reputation for financial

competence was destroyed and their popularity gone, but the Major government continued – though divided over Europe and beset by sexual scandals – until the spring of 1997, when Blair won a landslide victory for Labour.

Could May continue on a similar basis, in the hope that, somehow, things will improve? So many unexpected things have actually happened in the last six months that anyone trying to predict future events must do so with a good deal of caution. But there are two ways in which her position is even worse than Major's, so that it's hard to see her leading a zombie government until 2022.

The first factor is Brexit. Almost eighteen months since the referendum vote, and over six months since May invoked Article 50, there have been no significant steps forward in negotiations between Britain and the EU. In the absence of certainty about their future in London, banks are getting ready to move elsewhere: Goldman Sachs has leased eight floors in a new office block in Frankfurt, where increased demand has pushed office rents to record levels. The Bank of England says that, as far as finance companies are concerned, a transitional deal with the EU can't be delayed much later than Christmas. With financial services accounting for 7 percent of the British economy and employing a million people, May needs the issue resolved.

But the Tories have to please the incompatible demands of two groups of stakeholders. Most of British business was against Brexit in the first place, and would prefer a version which involves as few changes as possible, and a lengthy transitional period which delays those changes far into the future. Many Tory voters, however, are UKIP-style nostalgic nationalists, eager for a Brexit which they believe will transform Britain and hostile to any attempt to delay it or water it down. Negotiating Brexit with a hostile EU would be hard enough were the Tories united – but the different interests of these two stakeholder groups, reflected in the divisions among Tory MPs, make it all but impossible for May to develop a coherent strategy. With a cabinet divided between Hammond on the one hand and Johnson on the other, it's hard to see how the Tories can deliver Brexit successfully.

The second element which makes it hard to see May leading a government for a full term is austerity. George Osborne, announcing his first budget in 2010, predicted that the books would be balanced and austerity over by 2015. But, two years past that deadline, austerity is set to continue indefinitely. Indeed, most people's lives have taken a turn for the worse in a way unprecedented for decades or even longer. For all Thatcher's attacks on working people, wages under her premiership continued to rise, as they did almost every year between 1975 and 2009. Real hourly earnings – earnings after inflation – almost doubled in this period.



Since 2009, however, hourly pay has first fallen and then remained stable, but not returned to the growth which characterised the previous 35 years. Indeed, one survey calculated that the last decade has seen the lowest growth in wages for 200 years. This decline is one of the key factors underlying the different political fortunes of Thatcher and May. When Thatcher claimed that unregulated capitalism would lead to prosperity for working people, modest but regular increases in pay suggested to many of those people that, on this point at least, she was right. Whether it was a pay increase, a small windfall from buying and reselling shares in public utilities, or proud home ownership from buying your council home, Thatcher could point to justifications for the claim that capitalism would improve people's lives. May can make no such claims, and these economic fundamentals were one of the root causes of her electoral disaster, as millions of people – especially young people, beset by student debt and unable to buy homes – have turned to Corbyn.

### **The ruling class warms to Corbyn**

Corbyn successfully exploited the Tories' deep-rooted problems to extend greatly Labour's share of the vote in June. His election as Labour leader and his electoral performance are hugely positive developments. They bring to an end a period stretching back to Cameron's election as Tory leader in 2005, and in some ways before that to Blair's as Labour leader in 1994, in which a large measure of consensus prevailed between all the parliamentary parties. It was accepted that markets bring prosperity, that state involvement in the economy should be limited by privatisation and that Britain's role as a junior partner to the US should be made clear through participation in American wars, however senseless. For all that the proposals in Labour's election manifesto were, by historical standards, modestly reformist, Corbyn's success means an end to those decades of consensus. Politics begins again, and indeed socialism is one of the alternatives on the agenda.

Corbyn's electoral success, however, is also having more contradictory effects, both inside the Labour Party and as regards Labour's relationship with the ruling class. Inside the Labour Party, many MPs and councillors spent the first two years of Corbyn's leadership in more or less open revolt against him. They disagreed with his politics – but that disagreement was inseparable from their view that he was certain to prove an electoral disaster. As such, he stood in the way of them both changing society for the better through parliament and advancing their own careers.

Now that Corbyn is revealed as a possible election winner, it becomes possible for more common ground to exist between himself and those to his right. Inhabiting that common ground we find, for example, Shadow Brexit Secretary Keir Starmer, an enthusiast for the soft Brexit business would prefer, or Shadow Foreign Secretary Emily Thornberry – a personally congenial politician, but only last week the guest of Labour Friends of Israel in the Middle East, who pronounced the week before that Corbyn supported a two-state solution in Palestine and was, as such, a Zionist. If part of the reason Corbyn works with such figures is a lack of more consistently left-wing Labour MPs to form a Shadow Cabinet, he has also throughout his leadership attempted to develop a centre ground, increase the unity of the Labour Party and reduce his own isolation – a strategy which goes back to his initial decision when first elected leader that Hilary Benn could continue as Shadow Foreign Secretary.

However, even more striking than the development of common ground between Corbyn and some Labour MPs are the positive noises now being made about a Corbyn-McDonnell government by members of the British ruling class. A remarkable *Observer* article last weekend described the positive reception given to Corbyn's speech at CBI conference, and makes the assessment that, with the Tories in chaos, the Shadow Cabinet looks increasingly to business like "a stable outfit and the basis for a government in waiting." Labour's ability to deliver a coherent strategy in favour of a soft Brexit is mentioned as a key part of its appeal.

While businesses increasingly like the look of Labour, Corbyn for his part wound up his speech by saying that "I value the day-to-day relationship we have with the CBI, as does John McDonnell, and others in my team. And I look forward to working with all of you in the future, whenever the general election comes, and we, I hope, are in government, to continue working with you." You have to assume that some of this is public rhetoric which doesn't match Corbyn's own views. But there is also beginning to cohere some notion of an identity of interests – no doubt partial and conflicted, but still real – between Corbyn, Labour MPs some way to his right (if not hardened Blairites) and the British ruling class.

If this is the case, is this development of some common ground not a good thing? After all, a future Corbyn government will have to deal from day to day with the Parliamentary Labour Party and the CBI. If Corbyn and McDonnell face something less than total hostility as they seek to tax the rich and renationalise the railways, for example, isn't that better than the kind of unceasing attacks that marked the period from Corbyn's election as Labour leader to the 2017 election?

## What strategy for the left?

The problem with Corbyn adopting such a strategy, of simply reciprocating the more constructive approach of the PLP or the CBI, is the question of where the power lies in such a *de facto* alliance. Ten days after the election, Corbyn stated that Labour would remain in “permanent campaign mode”. If that meant continuing the political excitement and involvement of the election campaign after the vote, it was never likely to happen – in a parliamentary democracy like ours, the main way that masses of people become involved in politics is through the polling booth. But still, the Tories are in crisis and Tory policies are causing appalling suffering – as with the case of Elaine Morrall, found dead in her freezing home, wearing a coat and scarf because she could not afford to put the heating on. There is both a need and an opportunity to bring the government down as soon as possible. If Corbyn went outside the normal limits of electoral politics – organising rallies and demos saying that the Tories are incapable of governing and have lost their mandate to do so – he could put himself at the head of a movement involving millions of people, which really could make the country ungovernable and bring down the Tories.

The more Corbyn can become a Prime Minister like this, at the head of a popular movement, the stronger his position. The more he is supported by a widespread popular mobilisation that involves as many different groups of people as possible, the more strongly rooted his government will be and the more likely it is that the reforms it stands for will become reality.

Yet such an approach – creating networks which can organise and support popular protest – seems to form an increasingly small part of the agenda of Corbyn and those around him. Instead, Labour’s strategy is a much more conventional electoral one – of waiting for the Tories to exhaust themselves and collapse, so that power fall into the laps of Labour as the only possible alternative. For example, Simon Hannah, author of a history of the Labour left to be published next spring, has highlighted the way that Momentum’s description of its own purpose has changed in the last eighteen months. In July 2016 the statement, entitled “What does Momentum want to do?”, began:

“Organise in every town, city and village to secure the election of a progressive left Labour Party at every level, and to create a mass movement for real transformative change...”

Specific references to a mass movement and social transformation are replaced in the current version by a commitment to:

“Organise with communities across the country to put forward Labour’s ambitious plan for Britain and secure a Labour Government...”

This focus on electoralism has been matched by Momentum’s practice – the most influential work the organisation has done has been its election campaigning, especially its innovative use of social media.

If the focus of the Labour left is not on building a mass movement outside the Labour Party, it does also seem that there is a lack of organisation to coordinate the left inside Labour structures and to discuss the issues Corbyn will face as Prime Minister. While Momentum is portrayed in the mainstream media as the key organisation of the Corbynite left, its lack of internal democracy has led many activists to be sceptical about it. The impression to be gained from outside the party is that a patchwork of networks and discussion groups exists. But there are few forums – in terms of online

discussions, magazines/websites or national organisations - where Corbyn-supporting Labour members can discuss their priorities and key strategic issues, such as those raised by John McDonnell at Labour conference - "what happens when or if they come for us? ... What if there is a run on the pound?"

This lack of discussion about strategy could create serious problems for a Corbyn government - and such a government, after all, could be in office within months. Millions of people are investing in Corbyn their hopes for better lives, and there's no doubting his commitment to significant reforms. But, while sections of the ruling class may regard a deal with Corbyn as a price worth paying, they will still fight tooth and nail over the terms of that deal - and there will be others from the same class, and the right-wing media, utterly opposed to any such approach. So we can expect Corbyn to face opposition from day one.

What we can do now is to begin to develop strategies for that time. The organised forces of the radical left are small, inside and outside the Labour Party. Can we do more to develop networks that can both support a Corbyn government and hold it to account if it begins to wobble under the huge pressures it will face? Can we do more to develop our understanding of the current political situation and debate the best ways to respond? Overall, can we increase the active engagement of the forces that support Corbyn in activity or debate, so that they are more actively engaged and less inclined to wait passively for reforms to be delivered from above? Those are the new and vital tasks in front of us after seven months which have transformed politics in Britain.

*Originally posted at rs21.*