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Britain

Labour – We Never Promised You a Rose Garden

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Dave Kellaway responds to British PM Keie Starmer's keynote speech on August 27th and on the first months of the new government.

Many senior Labour figures have a fascination with US politics, particularly the Democratic Party. They often mimic its messaging and electoral strategies. It's easy to imagine they'd prefer a Democratic-style party structure, where members have even less influence, and unions wield less power. So, it's no surprise that some clever staffer came up with the idea of a 'rose garden' keynote speech for Starmer this Tuesday.

The Downing Street garden isn't actually a rose garden, but the name evokes a White House, presidential feel. Holding the speech in the very spot where Johnson and his team partied during Covid restrictions was a shrewd move, as Starmer condemned the economic disaster and corruption of fourteen years of Tory misrule.

In his distinctive, solemn tone, Starmer essentially made two points. First, he claimed the Tories had concealed a £22 billion black hole in the public finances. Second, he argued that this shortfall meant Labour couldn't fulfil all its ambitions. 'Tough' decisions on taxes and spending were necessary to fix the foundations of the economy, so that better policies could be enacted later.

It's not rocket science for a new government with a large majority to push through unpopular policies early on. The Tories are in complete disarray. Signs of significant resistance within the Parliamentary Labour Party are minimal—only seven MPs rebelled over the two-child benefit cap. Resolving pay disputes with doctors, train drivers, and other public sector workers has pleased union leaders. Scrapping the minimum service level legislation introduced by the Tories, along with the promise of new labour laws to aid union organisation, follows a similar path.

Public opinion, although lukewarm and with Starmer's personal ratings currently lower, likely aligns with his general critique of the mess left by the Tories. Proposals to introduce limited tax increases on the wealthy, through adjustments to Capital Gains Tax, Inheritance Tax, and Pension Tax arrangements, are popular both within the Labour movement and more broadly. Even some economic indicators are improving for the government. It could be described as a honeymoon period—albeit one without much passion.

Labour is Choosing Austerity

As Grace Blakeley has clearly articulated in her Tribune article <https://tribunemag.co.uk/2024/08/la...>, this supposed £22 billion black hole is a scare tactic, designed to deceive the public with a partial, ideological perspective on the economy. For one, it includes the billions needed to settle public sector strikes. Unlike the wealthy who hoard assets, these workers will spend their earnings, stimulating the economy.

Let's summarise her key points:

- Government spending in a wealthy nation like Britain is not constrained in the short term by tax revenues.
- New debt can be issued, and as long as it's used for productive investment, such as green transition measures, the money can be recovered over time. This is what the Attlee government did after the war, despite a far worse economic situation, and it established the Welfare State.
- The British state controls the monetary system—it's simply not true that the state must bow to global markets. It

intervened to save banks in 2008 when global markets nearly brought the economy to collapse.

- The government could tax large corporations that have made enormous profits during the cost of living crisis—the profits of energy companies alone dwarf the £22 billion several times over.
- It could also regulate how banks issue credit and lower interest rates, which currently make government borrowing more expensive. Quantitative easing used after 2008 and during Covid transferred £44 billion to the Bank of England, most of which ended up in commercial banks' coffers.

As Blakeley rightly concludes, the decision to pursue austerity measures is a political choice. Starmer could choose to intervene in the economy similarly to how a Tory government did during Covid when furlough payments protected people's incomes. The notion that cutting pensioners' fuel payments and maintaining the two-child benefit cap are 'tough choices' is simply absurd. These are not the people with the broadest shoulders.

A genuinely tough choice would be to implement an effective wealth tax, as this would provoke a significant backlash from the wealthy, who control nearly all of the mass media. The wealthy would use the markets and their allies in the City of London to try and disrupt the government, but sometimes you have to stand up to those with the broadest shoulders. Starmer won't do this because these are the people he wants to partner with to generate growth that will supposedly trickle down to the rest of us.

Reaction to the Rose Garden Speech

The sweet scent and sweet words emanating from the Rose Garden were partly overshadowed by the stench of cronyism directed at the Starmer leadership. Of course, it's a bit rich coming from a Tory-dominated press that never fully explored Johnson's endemic moral corruption. Nevertheless, the evidence presented and the sudden U-turns weaken Labour's claim to be a clean new broom.

Labour Party donors and advisors have been given civil service posts or special access to Downing Street. It's been revealed that Wahid Ali, a major Labour donor, gave Starmer fourteen grand for stylish suits and spectacles. To be fair, he does look better, but this makeover should come out of his normal salary. Private Eye has also uncovered how both Starmer and Reeves have been given freebies, such as holidays, by donors.

While not on the same scale as Tory scandals, this doesn't look good to millions of pensioners who will have to choose between heating and eating this winter, as energy companies hike our bills by another ten percent. The idea that we should cut the winter fuel allowance because wealthy pensioners like Richard Branson receive it is easily refuted. Simply recoup the cost of giving it to everyone—so no poor or average pensioner misses out—by taxing the rich more. Universal benefits, like the NHS, ensure it's in everyone's interest to improve the system—it's a communal benefit.

Sharon Graham, the UNITE leader, also criticised the speech, calling it "bleak" and saying it was "time to see the change that Labour promised." She added: "We don't need more excuses about fiscal responsibility or talk of wealth creation. We should not pit pensioners against workers; that is not a choice that should be on the table."

Even The Guardian, which has been relatively uncritical of the new Labour government (just look at columnists like Behr, Kettle, Toynbee, and Freedland), managed to point out in an editorial that:

"Without a sense of hope and progress, Labour will court unpopularity. How much a government needs to borrow and spend should be determined by the state of the economy, not by how much debt its predecessor has left it."

John Crace, the sketch writer, aptly captured the credibility issue in the speech “He sounded like the builder who says you need a completely new roof after you’d called him in to clean the gutters.”

One of the best responses to the speech was the statement issued by Jeremy Corbyn and the other four independent left MPs: [\[1\]](#)

Building Resistance to Labour Austerity

Unlike during the Blair era, we now have a political situation where there is an independent group of MPs to the left of Labour in Parliament. A question raised was whether MPs elected in seats with large Muslim communities, largely due to the issue of Gaza, would take left-wing positions on social and economic policies. The statement above suggests that the answer is yes. Corbyn’s victory in Islington now appears crucial in aiding the political development of this group.

If you add to this group the seven Labour MPs who lost the whip over their rebellion on the two-child benefit cap, it becomes clear that it will be possible to link mass action outside Parliament with MPs inside it. We also know that there is widespread unease within the PLP over the two-child benefit decision and the cut to winter fuel payments. It’s reported that such concern exists even within the Cabinet. Union leaders have already criticised these decisions, and there are resolutions on them at the upcoming TUC Congress. The fact that the government settled public sector wage claims demonstrates that strike action can pay off and put pressure on a Labour government.

Some on the left during the election claimed there was little difference between a Labour government and a Tory government. They rejected the ACR approach of “Kick out the Tories” and instead called for no votes for “Genocide Labour” even in marginal seats or where no credible independent left candidates were standing. We can already see that mass struggle, campaigns, and political pressure can have a quicker and more significant impact on a Labour government than a Tory one—though this won’t happen on every issue or in all contexts. If we continue with a sectarian approach towards the Labour Party and its members, we would limit the breadth and impact of our campaigning. We need to create the greatest possible tensions within the labour movement and the PLP between Starmer’s line and the defence of working-class interests.

The People’s Assembly is calling for a large demonstration at the Labour conference on 22nd September in Liverpool, focused on austerity issues. The Palestine Solidarity national demonstrations are continuing from 7th September. Fergal Sharkey and ecological associations are organising a mass protest on 26th October against the water companies, demanding decisive government action. Socialists should be supporting all these initiatives and similar ones.

Starmer’s government may have a landslide majority, but it has a thin popular mandate, based on just under a third of registered voters. Politics today is more volatile. Labour’s half measures, its narrative of too many immigrants, and attacks on living standards could lead to a continued surge in support for both the racist Farage Reform Party and more extreme elements.

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[1] <https://x.com/jeremycorbyn/status/1828402567392485509?t=bqGK31hSkINooXjnpaUyrQ&s=08>.