

Why Labour In The UK Is Fit To Govern and Competent To Manage The Economy

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But first - Conservative Parties Should Never Get Into Government

This paper references the UK, the Labour party and the conservative Tory party. But the next, opening argument applies globally.

Using the UK as the example, conservative parties should never get into government because amongst *citizens* there's probably a 60% majority of progressive, civilised, non-Tories; and amongst those who *vote*, a majority of anti-Tories. They never get support from more than about 30% of the electorate. Much talk about them, amongst Labour activists and amongst ordinary people, is about how nasty

they are. Most people know it. They even know it themselves!

But conservatives aren't the real problem. The problem is us, this non-Tory and anti-Tory majority. Why we don't persuade each other to vote so that we always have Labour or some other form of progressive government that serves most people (which the Tories don't, and don't intend to)?

One reason is those who waste their vote on parties with no chance of winning a seat. This splits the non-Tory vote and is what allows them to win. Then there's those who won't vote Labour for just one or two policies or actions they don't like, when other parties do the same or worse. There's those place too much importance on the party leaders and won't vote progressive because they 'don't like' the leader. There's those who say

‘they’re all the same’ and don't vote at all. And there's those who don't even register to vote. Election returns show that turnout is usually around 70%. So, 30% of the electorate don't vote. But it's reported in the UK that another 8 million who could vote don't even register to.

These misguided actions just let something worse, i.e. the Tories, win seats with minority support and get into government. These actions by our fellow-voters, and how to tackle them, are covered in another brief paper, *How To Talk Politics With Each Other*, another free download from www.lookatthesystem.com

But another reason conservatives get into government is that we let them and their business-owned press mislead many voters with the claim that Labour is not competent to run

the economy and taxes and spends too much. The big example is them saying the 2008 crash shows Labour is not competent. This paper refutes that and long-standing, similar allegations.

The main arguments are:

- ***Managing 'The Economy' Really Means Managing Business People***
- ***Labour's Record On Public Spending, Deficit and Debt Is Fine***
- ***A Party's Aims Matter As Well As Competence***

SUMMARY TEXT

'Managing the economy' really means managing business people. They are determinedly hostile to being managed. The Tories key aim is to allow them that. The 'New Labour' governments conceded to it. (They called it 'free markets'). The 2008

crash showed it doesn't work because business people are too selfish and reckless to be allowed such freedom.

Until the crash and having to bail out the business class, Labour's public spending deficits were less than the previous Tory government's.

Voters should not judge governments only on 'competence'. Judge them also on what they are trying to be competent at. The Tories represent business people and are trying to be competent at representing them and neglecting and abusing the rest. Labour aims to back everybody.

FULL TEXT

***Being Competent To Govern –
The Labour Party in Britain
Managing The Economy***

Conservative politicians and the many conservative, business-owned newspapers convince many people that governing is only a managerial issue, only a matter of competence. Especially managing 'the economy'. Then they convince many that Labour are not competent to manage it. It a key obstacle to Labour winning elections. It's not true. Labour must rebut the charge. But it's not only Labour's job to challenge it. It's up to voters themselves. More on that at the end of this paper.

But to rebut the conservative claim, Labour needs to first be clear with voters what the basic issue is:

- we rely on business people to organise most of the goods, services jobs and growth we need.

- ‘the economy’ is mostly what business people do in their daily business activities.
- relying on what they do for their own private benefit to result in public good and the good of the majority, is a problematic policy. For Labour.
- It's not a problem for conservatives. Their key *aim* is to free business people from this responsibility.
- A Labour Government's role in ‘managing the economy’ is mainly about what freedoms, incentives and rewards you have to allow and give business people to persuade them to manage the economy so it works for the public good, as near as we can get them to.
- With this made clear to voters, Labour can make sure the blame goes where it belongs when there are problems or crises.

***The 2008 crash.** Labour needs to tell voters that the last 'New Labour' government didn't fail to manage the economy. What they actually did was concede to the Conservative, business class's own arguments for government not to manage the economy; to allow business people to manage it. Business people caused the crash, led by their financial element, the bankers.*

New Labour only caused it by having conceded to this conservative, business class policy. They conceded to 'free markets' and conservative policies of de-regulation of financial trading. The crash wasn't them being incompetent. But it was them being craven before the decades-long conservative onslaught against state influence in the economy. The arguments for democratic political oversight of the economy, for some

control, for some state regulation, for a strong role for the state in the economy, was marginalised in favour of 'free markets'.

The Labour leadership of the time conceded to this too readily, naively. And they - Blair and Brown and others actually believed in it, in letting 'markets' - business people and bankers - run the economy rather than themselves. What plonkers they were. And the rest of us, for letting them be our leaders.

To be fair to Labour, they, and the Democrats in the US, and similar parties worldwide, concede to the business class argument to leave the economy to them because the evidence is that not enough voters - enough of us - back them, strongly enough, to challenge them. We are not politically organised enough to

challenge the business class position on free markets.

After the 2008 crash, Labour bailed out the banks. *That was actually a feat of economic competence*. So while apologising for allowing the business class to bring us to such a crisis, they should boast about their competence in stabilising it. (Though there are arguments that they should have let the idiots collapse. But they do have such a huge role how the economy operates that maybe that would have been too radical?)

Conservatives claim free markets are the best way to run the economy for everybody. But it's really because free markets mean low regulation of business people - the people they represent, the people they themselves are. Free markets are proven not to be in everybody's best interests by the

huge inequality in wealth, people being treated terribly at work, and by business people's greed and recklessness causing crises. So, again, it was ridiculous that when they and those of them who are bankers took it into a crisis, *Labour got the blame*.

If Labour are going to carry out these conservative, business class policies like this, they need to be clear about it and why they feel they have to do it. *Labour has to allow business people to run the economy*, to a degree, because not enough voters show willing to back Labour to regulate business people and 'free markets'. So Labour need to be open and *clear with voters about this biggest of all political issues* - that they have to strike a balance between regulating and taxing them for the public good; and their readiness to

behave decently or to be selfish and ruthlessly greedy. Where they won't, the least we should do is call them out on patriotism and their lying claims to believe in 'the country' and 'the nation' which really, should be 'the people'. And, when business people mess up, make sure the blame goes where it belongs.

After 2008, 'New Labour' was only incompetent, like we were we as voters, in allowing the Conservatives, whose policies Labour had followed, to get into government by painting Labour as incompetent.

Environmental Crisis, Growth, The Business System and Labour

Growth is taken to be an absolute essential. It's not. And it's causing climate disaster. But New Labour had conceded to it, and to the argument

that growth is best achieved if you leave the economy to business people.

All politicians see it as essential - one, because business people insist on the right to 'put their money to work' and 'get a return on capital'. To constantly re-invest. That causes ever-greater productivity. That means less need for staff, redundancies and closures. Two, so they can all have a go at getting rich, the business class insist on the right to compete with each other. Competition has its points but it *forces* business people to constantly re-invest, to keep up with each other on efficiency, prices and quality. That also causes jobs to decline. So governments have to support growth to provide jobs for the people made redundant.

Also, we could tackle poverty and low wages and get improved living

standards and public services by taking from the rich. The inequality of wealth is disgusting. But, taken in by conservative arguments about taxes (see later) not enough voters back Labour to do it. So to get improved incomes and living standards for all without taking from the rich, Labour has to use *growth*. That means encouraging business people to be active. Then growth enables them to siphon off an amount that enables improved living standards and services for the working class (those who work for someone else for a living) without having to take from the rich.

And while the Tories want growth anyway for their own greed, they too want it so they can allow the rest, whose votes they need, some improvements in living standards without taking less themselves.

Conservative, business class governments are so convinced about their entitlement to make money they care little about the consequences of growth. They find it difficult to do much about climate change, for example. They have to make a show of caring about it but can't bring themselves to regulate themselves.

Progressive governments *do* care about the consequences. But, being too politically scared to balance society by taking from the rich, they too need growth. Since we are a long way from having the confidence to actually run society, more rationally, ourselves, they need business growth to provide jobs and improved living standards.

So both Labour and Tories need growth not only for improved living standards but to provide jobs for the

workers (voters) discarded because of the efficiencies gained by investment.

It's all madness, because we produce too much. Constant investment in greater efficiency, alongside reducing the need for jobs, produces ever-increasing amounts of goods and services and it's causing climate disaster. The business class foist these on people with aggressive marketing, with the known power of advertising.

Labour need to tell voters that because business people are the economy, Labour has to strike a deal with them, and business people don't take to it very co-operatively. Insofar as they don't, we should call out conservatives and business people out on their claims to being patriotic. Before arguing for patriotism they

have to operate in the interests of fellow-citizens, not just their own.

The Myth of High Labour Spending

Part of the conservative charge is that the last Labour government, and Labour governments generally, spent too much and caused a large deficit in public finances. This wasn't true. Labour need to tell voters that.

After Labour pulled them out of it in 2008, conservatives (ludicrously) blamed the crisis on Labour's alleged excessive public spending. People don't like the technical stuff, apparently, but this writer hasn't got the emotion-manipulating skills that apparently work better, so here goes with the technical stuff.

Here are the facts - (see Ref 1, at end)

How it works -

- The ***budget deficit*** is how much public spending in a particular year isn't covered by taxation. To cover it, they borrow, to a large degree from rich, business, conservative people. Also by pension funds lending the government money.

- Labour's record is actually good. In government, from 1997 to 2007, the average deficit was 1.4%, *half the average under the 18 years of the previous Conservative governments*. In 2007, it was the same as the Conservative average - 2.6%.

- ***the national debt*** is the running total of deficits not yet paid off. The government pays interest on it, to the well-off, until paid off. Before the banker's crash, it was 36% of the value of the economy (GDP). Interest paid on it was 2% of GDP. That was less than the

Conservatives ever managed between 1979 and 1997. It shot up in 2008 of course, to about 70% as Labour saved the economy from the Tory policy of leaving it to business people. After nine years of Tory government and austerity, they haven't reduced it. The public still owe the rich all that money.

- Because of the 2008 bankers crash, Labour rescued the bankers from their 2008 financial meltdown with public money that then did increase the national debt a lot. The Tories lied in presenting this as a result of Labour public spending, got away with it, and people let them into government, and they've used the whole amount as cover for attacking public spending and state

support for the mass of the voters. It's absurd. But it happened.

Government borrowing is Ok, especially when used for investing in things that help the economy. No reason why the government shouldn't do it. If they didn't borrow the money from whoever has it, business people would, and would invest it in other things, probably of less public usefulness. The banks are allowed to loan and owe many many times more 'money' than they actually have, which is far more dodgy, as we know from 2008. Yet since this is them as private business organisations doing it, Conservatives think that's fine. (For more on money as a lubricant for the economy, not a fixed thing in itself, read 'Money' by Mary Mellor.

The Myth Of High Labour Taxation

Conservatives deter voters from voting for progressive parties like Labour by portraying them as parties of high taxes. They say "We believe in letting people keep as much as possible of what they earn".

It's just not true. They are only talking about Income Tax. I don't know about other countries but in the UK there are at least three other major taxes to take in to account in calculating overall tax rates. They are National Insurance, Corporation Tax and VAT (sales tax).

Income Tax is usually about 20% of most of most people's earnings. 40% of someone's earnings over £50,000.

But National Insurance is a basic tax too. Most people pay 12% but people on more than about £50,000 a year only pay 2% on their income above

that. So this basic tax is not 12% of earnings for them. The more income they are on, it's an ever-declining percentage. So they pay far less than the 12% most people pay.

Corporation tax is on people's earnings as business owners. For those who own or part-own a business and also draw a wage income, see it as income tax on what they earn before they draw a regular wage from the business. It's only about 20%, about the same as everybody pays on their wages.

Then there's sales tax, VAT, a large share of the tax take. Everybody pays it at the same rate, currently 20%.

Take these taxes together and, with the National Insurance cut-off, corporation tax as low as standard income tax, and VAT paid the same by everybody, and, as research has

shown, the richer you are, the less tax you pay as a percentage of income (which is how most people would judge taxation).

Of course, this is before you look into tax evasion.

So let's not allow conservatives to get away with talking of tax only as Income Tax, and claiming they are parties of low taxation. Let's always insist on including National Insurance, Corporation tax and VAT in the calculation and show how conservatives tax richer people less than the rest.

Governing - Not Just Managerialism - Aims Matter As Well As Competence

As said, conservatives and business newspapers get many voters to see governing as mainly just managerial. To see it as just a politically-neutral

skill, and that Labour hasn't got it. When people raise the issue of competence, Ok, we have to answer it, as has been done above.

But we also need to ask them to think about what any party's aims are anyway. What do they try to do? When fellow-voters raise the issue of competence, we need to tell them governing is not just managerial, not just a matter of a party's competence. Ask them to also look at what any party's intentions are anyway. What do they aim to do? What - and who - are they for?

The Conservative party present what they do as being best for everybody, for all voters, all citizens. But they simply don't aim to govern and manage the economy for the benefit of all. They intend to manage it for the benefit of the people they

represent – business people, rich people, the business *class*. Then they aim to do enough for enough of the rest – managers, better-off skilled workers – to get enough votes to win elections.

Look at what they actually do and it's obvious. They promote 'free markets' as being best for everybody. But really it's because they give business people the freedom to look after themselves at everyone else's expense. They are forced to make a show of their policies being best for all because they are a minority, and the majority have votes.

Again, we need to call them out on patriotism. They have to operate not just in their own interests but in the interests of fellow-citizens. Anything less than treating fellow-citizens with

respect and mutual concern is not patriotism.

Tory competence may be worse for the great majority than incompetence! We don't want them competent at exploiting and neglecting people.

With many voters, and the media, they get away with their pretence of governing for all. It's quite an achievement. But it's also our fault for not being organised and educated enough to expose them. One way is by us leaving many people who are victims of the Tories to get their political news and opinions from them, from their business-owned media, instead of from fellow-workers and progressive sources.

Labour and other Social democratic parties genuinely do aim to do the best for the majority. Some voters think Labour fails them in that. But the

fact that business people dominate the economy and, to a degree, voter's political thinking, obstructs them. Labour doesn't yet have the ideas to challenge them. Neither do most voters, so they don't push Labour into challenging them. For Labour to challenge them effectively they need more backing from voters. Voters need to be told this and to tell each other. Not as scolding from on high, but as a discussion amongst the majority.

To repeat - in response to the charge that Labour is not competent to govern, *aims* have to be raised with voters as well as competence.

It's Not Only Labour's Job To Challenge The Myth Of Them Not Being Fit To Govern.

Most voters view political parties like official providers of government that have a public duty to offer voters alternative governing packages. As if the parties themselves are a public service. They see themselves as passive consumers, judging and choosing between the alternative official providers of government.

But voters need to be told that parties are not that. That parties are just those people from amongst voters themselves who take the trouble to be organised and active and try to do what they think best for the people they are of and aim to represent.

Voters who aren't active in politics themselves should not over-readily fault those who are. Whatever shortcomings Labour has, the members are not, as many voters are, unorganised and passive. Instead of

expecting ‘politicians’ to do it all for us, voters themselves need to take an active, self-respecting role in politics, in organised contact with each other politically. It’s every voter’s responsibility, to themselves and to each other.

And to not get their political news and opinions from the business-owned media, who are against their interests. Then they, and not just Labour itself, can rebut Conservative arguments like the charge of Labour not being fit to govern.

(1) figures from The Guardian, 10 August 2015, Larry Elliot, ‘Labour must stop apologising for what it got right’.

His source – a House of Commons briefing paper by Matthew Keep.