CHAPTER 4

Labour’s Policies to Transform the British Political Economy

Abstract The chapter focuses on Labour’s policies under Corbyn, which aimed to promote a radical transformation of the British political economy. The first section briefly describes how the chapter takes a different view to that of mainstream accounts of Corbynism in political science literature. The second section summarises important components of Labour’s 2017 and 2019 manifestos. The third section evaluates criticisms directed at Labour’s economic policies. The possibility of strong opposition to the implementation of these policies if Labour had come to power is also discussed. The fourth and final section draws on socialist writings and the book’s Coxian/Gramscian theoretical approach to reflect on Labour after Corbyn and the future of dissent for the Left.

Keywords Labour’s 2017 and 2019 manifestos · Alternative models of ownership · Labour’s economic policies · Economic democracy · Green industrial strategy

INTRODUCTION

Chapter 3 discussed political obstacles that Labour faced under Corbyn, as well as the dominant historical structures that severely limited the possibility of a radical left-wing party coming to power. After Labour’s defeat at the 2019 General Election, Corbyn stepped down as leader in April
2020 amidst fierce debate about the future direction of the party. On the one hand, Corbyn argued that Labour won the economic arguments and shifted political narratives on issues such as austerity, corporate power, inequality and climate change, even though it lost the election (Corbyn 2019). Moreover, he pointed out that many of Labour’s policies were popular and argued that one of the party’s main tasks in the future is to win the trust of voters (Corbyn 2019). On the other hand, Labour’s defeat was used by some critics to argue that it had moved too far to the Left under Corbyn and that its radical policies were primarily to blame for its defeat (for example, see Tony Blair and Andy Burnham cited in Syal 2019).

This chapter evaluates common criticisms directed at Labour’s economic policies during Corbyn’s leadership and argues that the policies should not simply be dismissed as ‘too radical’ or ‘populist’. Focusing on the contents of the 2017 and 2019 Labour manifestos, the chapter discusses major aspects of Labour’s political and economic platform. It argues that Labour’s economic policies had the potential to redress structural problems in the British political economy and tackle contemporary challenges. Moreover, it argues that Labour’s policy proposals were broadly a step in the right direction, even though many policies might have required further adjustment or development if Labour had come to power. Given the likelihood that the implementation of these policies would have met with significant opposition and challenged most voters’ common sense about the economy, it is further argued that in future Labour should prioritise its transformative agenda and compromise when necessary. Nevertheless, the post-coronavirus material conditions have arguably opened up opportunities to promote and popularise progressive economic alternatives.

The following section discusses how this chapter offers an alternative perspective to mainstream interpretations of Corbynism in political science literature. The second section then explores important components of Labour’s economic policies, such as its green industrial strategy and measures to strengthen workers’ rights. It also briefly discusses Labour’s political reform proposals and its international policies. The third section evaluates criticisms of Labour’s economic policies and potential problems that may occur from their implementation. This includes the possibility that the policies would be met with strong opposition from capital groups and state bureaucracy. Nevertheless, this section generally argues that Labour’s policies had the potential to redress
structural problems in the British political economy and meet contemporary challenges, particularly those of climate change and technological disruption. The fourth and final section revisits socialist writings and the Coxian/Gramscian theoretical approach discussed in Chapters 1 and 2 to help reflect on Labour after Corbyn and the future of dissent for the Left.

**Interpretations of ‘Corbynism’ in Political Science**

Maiguashca and Dean (2020) argued that many studies on Corbynism in British political science adopt problematic assumptions, insufficiently engage with empirical evidence and generally ‘fail to do justice to the heterogeneous strands that constitute the politics of Corbynism’ (Maiguashca and Dean 2020, 48). It was argued that generally dismissive attitudes towards Corbynism in these studies might reflect narrow ‘Westminster model’ views of politics and the normative orientations of the scholars and/or mainstream media influences (Maiguashca and Dean 2020, 60–65; also see Peter Allen 2019). Some studies tend to focus on Corbyn’s poor leadership or suggest that Labour under Corbyn represented an undesirably ‘populist’ and extreme ‘hard left’ form of politics (Maiguashca and Dean 2020, 49). A 3-year field research on the movement surrounding Corbyn, however, challenged these dominant narratives with regards to the criteria for good leadership, and argued that it is more appropriate to label the politics of Labour under Corbyn as social democratic (Maiguashca and Dean 2020, 54–60). Notably, the term ‘Corbynism’ is often used to portray Corbyn and supporters as a religious-like cult (examples include phrases like ‘the high priesthood of Corbynism’ in Bolton and Pitts 2020b, 121), and Corbyn supporters are often ‘infantilised’ as populists or as ‘deluded’ left-wingers (Maiguashca and Dean 2020, 61). Such portrayals are problematic because they insinuate that the movement inspired by Corbyn’s politics does not deserve careful consideration as a progressive political movement. Moreover, Wainwright (2017) pointed out that Corbyn’s appeal was not based on charisma but on his style of leadership that encouraged people to participate in Labour’s political project and in the policy-making process (Wainwright 2017, 99).

Corbyn’s leadership of the Labour Party has also been interpreted as a form of ‘intra-party populism’ (Watts and Bale 2019, 100), or as being part of the recent surge in populism (see the discussion in Maiguashca and Dean 2020, 53). So-called ‘populist’ parties are defined as those that
claim to represent the general will of the ‘virtuous people’ in their struggles against the ‘corrupt elite’ (Mudde 2004, 543 cited in March 2017, 284). However, calling Labour under Corbyn ‘populist’ is misleading. It is argued here that Labour’s discussion of economic inequality in the UK should not simply be dismissed as populist rhetoric about the people versus the elite. As Chapter 2 discussed, there are many statistics and studies that point to a high level of economic inequality in British society. Arguably, inequality is an important structural political economic problem that warrants serious scrutiny. There might be some discursive similarities between right-wing populist parties and Labour with regards to their criticisms of the elite and the political system that does not benefit the majority of the population, but describing all of these parties as ‘populist’ would obscure their essentially very different political economic platforms.

The following sections discuss Labour’s policies under Corbyn and argue that they aimed to promote progressive reforms of the British political economy in ways that would fundamentally challenge the status quo, which clearly distinguished Labour from right-wing populist parties. It is argued that Labour’s policies were designed to address structural problems in the British political economy and, if implemented, would have likely led to large-scale redistributive material consequences. The policies of right-wing populist parties, however, often contradict their anti-elite rhetoric. For example, despite claiming that it cared about economically neglected regions in the North, one Brexit Party policy was to abolish inheritance tax. This would mostly benefit the wealthiest people in society and the wealthiest regions in the country, specifically London and Southeast England, which on average pay twice the amount of inheritance tax than other regions (Bell 2019). Chapter 3 also discussed how Boris Johnson’s populist Brexit ‘crisis narrative’ is likely to unravel and reveal unsolved structural problems in the British political economy, which might become even more pronounced in the post-Brexit era.

The analysis of Labour’s policies in this chapter also provides a different perspective to that of Rutherford’s (2017), who discussed ‘Corbynism’ and ‘Blue Labour’ as the two opposing ‘intellectual forces’ in the Labour Party. Rutherford argued that Corbynism was shaped by a variety of old and new Left influences, but he mainly seemed to equate Corbynism with accelerationist views on post-capitalism that promote the idea of a ‘fully automated luxury communism’(see Bastani 2019) where, according to Rutherford, people will be entitled to free money amongst other
utopian promises (Rutherford 2017). Moreover, he argued that, unlike Blue Labour, the 2017 Labour manifesto aimed to give ‘more power to the central state’ instead of promoting the decentralisation of power, and also that the manifesto promoted ‘the same kind of command and control, tax and spend politics that had characterised Labour in the last century’ (Rutherford 2017).

Blue Labour scholars have provided useful warnings about how Labour’s increasingly socially liberal stance alienates its traditional working-class voters (Rutherford and Glasman 2020, 111). However, the claim that the Corbyn project stood opposed to Blue Labour’s support for redistribution of power is rather unfair. As discussed in the following section, the 2017 and 2019 manifestos clearly promoted decentralisation of power and redistribution of economic gains. There were also other sources of left-leaning ideas that, significantly more so than accelerationism, informed Labour’s policies under Corbyn. Examples include policy proposals of progressive think tanks, such as the Policy Network, the Institute for Public Policy Research (IPPR), Compass, the New Economics Foundation (NEF), and the works of academics and economists, such as Mariana Mazzucato, James Meadway, Ann Pettifor, Graham Turner and those in the Sheffield Political Economy Research Institute (SPERI) (Coates 2017, 83–84; also see the discussion in Blackburn 2018, 19–22). The book Economics for the Many (2018), edited by Shadow Chancellor of the Exchequer John McDonnell, also pointed to many economists and writers, including Joseph Stiglitz, Simon Wren-Lewis, Prem Sikka and Ann Pettifor, who influenced the ‘intellectual roots’ of Corbynism (McDonnell 2018).

As stated above, this chapter takes the 2017 and 2019 manifestos as the main texts that represented Labour’s official policies during Corbyn’s leadership. Notably, some policies supported by party members and Momentum, such as a 4-day work week (Pickard 2019b), did not always become official Labour policies. For example, at Labour’s annual conference in September 2019, party members voted to support a 2030 net zero-carbon target and to abolish private schools, but these proposals were softened or not adopted in the 2019 manifesto (Pickard 2019c). It is also problematic to equate some of Corbyn’s views with Labour’s official policies. Corbyn personally adopted an anti-nuclear stance and criticised the North Atlantic Treaty Organisation (NATO) on the grounds that it is problematically shaped by the politics of the Cold War era (Worrall 2019). However, Labour under Corbyn was committed to spending the
NATO target of 2% of the UK’s Gross Domestic Product (GDP) on defence and to maintaining the UK’s Trident nuclear submarine deterrent (Elgot 2017; The Labour Party 2017a, 116–120; 2019b, 101). It has also been suggested that Labour under Corbyn did not sufficiently subscribe to liberal internationalism (Bolton and Pitts 2020a, 104–105). The following section, however, argues that the Corbyn project was the opposite of this characterisation, as can be seen from the contents of Labour’s 2017 and 2019 manifestos.

THE 2017 AND 2019 LABOUR MANIFESTOS COMPARED

This section explores key elements of Labour’s 2017 and 2019 manifestos. Both manifestos proposed a progressive reform and extension of the welfare state, as well as measures to radically transform the economy. The 2017 manifesto advocated reform of the financial system so that it would benefit more of the population and proposed an industrial strategy that would support high-skilled jobs and small businesses (The Labour Party 2017a, 8). The 2019 manifesto contained similar policies but went further in many areas, particularly with regards to the role of the state in facilitating the transition to a green economy and the extension of workers’ power. The following paragraphs explore Labour’s social policies and its plan to invest in welfare state institutions. Economic policies to transform Britain’s political economy are then discussed, followed by a brief discussion of Labour’s proposal for political reform and its international policies.

Labour’s 2017 and 2019 manifestos challenged austerity and proposed the establishment of new public institutions to promote social welfare and equality. The manifestos called for massive-scale investment in the National Health Service (NHS) and highlighted the need to improve its services (The Labour Party 2017a, 66–69; 2019b, 31–35). In addition, Labour wanted to replace the Department for Work and Pensions (DWP) with a Department for Social Security, as well as put an end to the Conservatives’ Universal Credit social security programme, which has been criticised for imposing complex tests on vulnerable citizens (for example, see Standing 2019b, 22) and for failing to end poverty (The Labour Party 2019b, 72–76). Citing how 1.2–1.5 million elderly citizens did not receive sufficient care due to social care funding cuts, Labour proposed to establish a ‘National Care Service’ that would work alongside the NHS to meet the needs of the population (The Labour Party 2017a,
Reflecting similar ideals to that of the NHS, Labour also proposed to establish a ‘National Education Service’ to provide a cradle-to-grave style of free and lifelong education. Labour argued that this would help to reduce inequality in access to education, as well as help to upgrade the skills of the UK’s workforce (The Labour Party 2017a, 14, 34; 2019b, 37). Other institutions that Labour proposed to establish include, for example, a new Department for Women and Equalities to end discrimination based on gender, race and disability (The Labour Party 2019b, 65–69), and a new English Sovereign Land Trust to purchase land for low-cost housing (The Labour Party 2019b, 78). Homelessness is arguably a major social issue; in 2019 the UK had the highest rate of homelessness in Europe and relatively weak tenants’ rights (Dorling and Peggs 2019, 19). Whilst the Conservative Party pledged to build 200,000 Starter Homes in 2015, none were built as of 2019 (Dorling and Peggs 2019, 19). To help people find affordable homes, Labour aimed to build at least 150,000 new council and social homes annually in its first term in office, in addition to other supportive measures (The Labour Party 2019b, 78). It would also establish a Prime Minister-led task force to end rough sleeping in 5 years (The Labour Party 2019b, 80).

To fund public services and its other policies, Labour proposed to implement a more progressive form of taxation and seriously clamp down on tax avoidance (The Labour Party 2017a, 9). The main rate of corporation tax was 28% in 2008 (HM Revenue & Customs 2014, 5), but it was gradually reduced to 19% by 2020 (HM Revenue & Customs 2020). Labour proposed to reverse some of these cuts so that the main rate of corporation tax would incrementally rise to 26% by April 2022 (Small Profits Rate for firms with profits under 300,000 GBP/year would be 21%) [The Labour Party 2019a, 31]). Moreover, the income tax rates of the top 5% of the population would be increased (45% for those whose income is above 80,000 GBP/year and 50% for those whose income is above 125,000 GBP/year) (The Labour Party 2019a, 5). Labour also planned to introduce unitary taxation of transnational corporations, which would treat corporations under common ownership as unitary enterprises to prevent transnational companies from booking their profits in low-tax countries (The Labour Party 2019a, 32). Moreover, Labour wanted to introduce a more comprehensive system of financial transactions taxes, tax capital gains at the same level as income tax and reconsider corporate tax reliefs (The Labour Party 2019a, 32–37).
Labour under Corbyn rejected the narrow focus on government deficit reduction and instead concentrated on investments to support economic growth (The Labour Party 2017a, 10). It proposed to adopt a ‘Fiscal Credibility Rule’ that would constrain the government from borrowing for day-to-day spending but, at the same time, allow for public investments to support future growth (for details, see in The Labour Party 2019a, 7). The rule would take into account government assets as well as liabilities - an approach supported by Lord Robert Skidelsky, a widely respected economist (see Skidelsky 2019b, 6). The Office for Budget Responsibility, accountable to Parliament, would also be given increased power and an independent role in monitoring government compliance with the rule (The Labour Party 2017a, 10).

Essential to Labour’s proposals were measures to rebalance the economy and to encourage the financial sector to serve the real economy. As discussed previously, Labour wanted to introduce a more comprehensive system of financial transactions taxes, particularly by extending the Stamp Duty Reserve Tax to cover more financial assets. It also wanted to implement significant regulatory reform of the financial sector, such as placing a firm ring-fence between investment and retail banking to protect consumers (The Labour Party 2017a, 16; 2019a, 35). Similar to the discussion of the UK’s finance-led growth model in Chapter 2, the 2017 manifesto argued that the UK had ‘relied too heavily on the financial sector, centred on London and the South East’, whilst many areas, such as the North and coastal towns, had been left-behind economically (The Labour Party 2017a, 13). Corbyn himself criticised the financialised UK economy and proposed that the next Labour government would make ‘finance the servant of industry’ by reining in financial speculations and supporting lending for productive purposes (Jeremy Corbyn’s speech, February 2018, cited in Chapman 2018).

Another important component of Labour’s economic programme was its industrial strategy that aimed to increase productivity and invest in the local infrastructure of economically left-behind regions (The Labour Party 2017a, 13). Inspired by the work of Mariana Mazzucato, Labour’s 2017 manifesto proposed ‘a mission-oriented industrial strategy’ that would involve strategic investments by the public sector to aid the private sector and increase innovations across the economy, but in ways that would meet important social objectives such as the care needs of an ageing population (The Labour Party 2017b, 2). Given the challenge of climate change, Labour’s industrial strategy was also geared towards
creating a green economy that would provide good quality jobs (The Labour Party 2017b, 1). In 2017 Labour’s industrial strategy had 2 main goals: (1) The Green Economy goal - by 2030, 60% of the UK’s energy sources ought to come from low carbon or renewable sources, and (2) The Innovation Nation goal - by 2030, the UK ought to have the greatest percentage of high-skilled jobs amongst member countries of the Organisation for Economic Co-operation and Development (OECD) and roughly 3% of GDP should be spent on Research and Development (R&D) (The Labour Party 2017b, 3, 6).

Labour planned to provide targeted support to certain industries that had high economic potential, but it recognised that focusing on a few elite sectors would not meet its broader social goals. To increase productivity and wages, Labour argued that innovations ought to be promoted in sectors that provide significant levels of employment, such as retail and hospitality (The Labour Party 2017b, 16–17). Low-wage sectors, such as hospitality and agriculture, employ around a third of the UK workforce. However, these forms of employment provide not only low wages but also low security. Additionally, these workers are at risk of being replaced by automation in the future. To tackle these issues, Labour argued that it was important to create decent and high-skilled jobs. The National Education Service that Labour proposed to establish would support adult education and lifelong learning to help people learn new skills and/or to improve on their existing skills (The Labour Party 2017b, 7–8). Moreover, to take advantage of new technological advancements, such as Artificial Intelligence (AI) and automation, Labour highlighted the importance of upgrading the country’s digital infrastructure. In 2019 it proposed to establish a new public institution called ‘British Broadband’ to provide free full-fibre broadband to all households and businesses in the UK by 2030. This initiative would bring parts of the BT group into public ownership (The Labour Party 2019b, 53). As of 2019, only 10% of British households and businesses could connect to a full-fibre broadband internet, as compared to 75% in Spain and 97% in Japan (Fildes and Pickard 2019).

Whilst the 2017 manifesto showed an interest to promote a greener economy and environmental issues (see The Labour Party 2017a, 12, 14, 20–22, 93–94), the 2019 manifesto went much further to centrally embed environmental sustainability in Labour’s flagship economic policies. Spurred by the Extinction Rebellion protests that urged the government to take the threats of climate change more seriously, in May 2019
Corbyn moved a motion to declare a ‘Climate Change Emergency’, which was passed by parliament (Walker 2019). Moreover, at the heart of the 2019 manifesto was Labour’s promotion of the ‘Green Industrial Revolution’ or the ‘Green New Deal’ that would create 1 million jobs to help facilitate a transition to a green economy (The Labour Party 2019b, 12). Other economic policies were also adjusted to reflect Labour’s environmental goals. For example, in 2017 Labour proposed to establish a National Transformation Fund to invest 250 billion GBP over 10 years to upgrade the UK’s infrastructure, including investments in energy, transport and digital systems (The Labour Party 2017a, 10–12). In 2019, Labour proposed that the National Transformation Fund would additionally help to tackle the climate emergency. It allocated 250 billion GBP over 10 years to a Green Transformation Fund and 150 billion GBP over 5 years to a Social Transformation Fund (The Labour Party 2019a, 6).

Another Labour policy was to establish a ‘Sustainable Investment Board’ that would include the Chancellor of the Exchequer, the Business Secretary and the Governor of the Bank of England as board members. The Board would oversee green investments in the country and listen to opinions of stakeholders, including trade unions and businesses. Moreover, the Office for Budget Responsibility would incorporate ‘the cost of not acting’ to solve climate and environmental problems into the government’s fiscal decisions, and the Treasury’s investment rules would be rewritten to ensure that government spending helps to advance environmental goals (The Labour Party 2019b, 13). To achieve ‘a net-zero-carbon energy system within the 2030s’ (or before that if possible), the 2019 manifesto advocated imposing a windfall tax on oil companies and to delist companies from the London Stock Exchange if they failed to help tackle climate change (The Labour Party 2019b, 13–15). Labour also proposed various other policies to tackle climate change and create green jobs (see The Labour Party 2019b, 16–18).

To help correct past investment patterns that were highly concentrated in London and the South East, Labour proposed to establish a National Investment Bank and an accompanying network of Regional Development Banks. These public institutions would direct investments more evenly across the country, taking into account the rate of return as well as ‘long-term objectives of stable growth and fairness’ (The Labour Party 2017a, 10). Citing successful examples in Germany and Nordic countries, Labour proposed that the National Investment Bank would
direct 250 billion GBP of private capital lending for economic development purposes, which would include lending to small businesses and co-operatives, as well as lending for R&D and projects that would help promote a transition to a low-carbon economy (The Labour Party 2017a, 16; 2019b, 13). Since the National Investment Bank would be state owned, it could engage in long-term borrowing at relatively low costs and focus on projects that yield social and environmental benefits (Griffith-Jones and Naqvi 2019, 11). Notably, there is already a British Business Bank that was established by the Conservative Party in 2014, but it is perhaps too small to drive a transition to a green economy. The Green Investment Bank in the UK has also been privatised and is now owned by the Australian Macquarie Group (Griffith-Jones and Naqvi 2019, 11–12). Moreover, since the government has great spending power (200 billion GBP/year in private-sector procurement), a Labour government would adjust procurement standards to correspond with its social and economic goals. For example, it would require government suppliers to protect the environment and workers’ rights, as well as reduce the income gaps between the highest and lowest paid employees in their organisations (The Labour Party 2017a, 14–15).

Taken as a whole, it can be argued that Labour’s mission-led industrial strategy and regional development banks were designed to help redress uneven regional development and encourage more equitable sharing of gains from economic growth. Labour also looked to move some functions of the Bank of England to regions outside of London so that the Bank would take into account different regional needs, and to generally reduce ‘imbalances in decision-making’ (Walker 2017). Additionally, the National Transformation Fund, which would be part of the Treasury, would be placed in the North of England, and regional governmental offices would also be set up (The Labour Party 2019b, 14, 82). Furthermore, Labour promised to devolve more power to local communities and give local governments extra funding (The Labour Party 2017a, 86; for arguments in favour of further devolution of political and economic power see, for example, Blakeley and Raikes 2018). It also proposed to expand the ‘the Preston Model’ in Lancashire to the national level. The Preston Model is an example of how local ‘anchor’ institutions, such as hospitals and universities, can be used to support local economic development and revitalise communities that might have been adversely affected by neoliberal capitalism (Guinan and O’Neill 2018, 3–4).
Another important aspect of the Corbyn project was the promotion of economic democracy. A Labour government under Corbyn would have promoted ‘democratic ownership structures’ in the economy and doubled the size of the co-operative sector, as well as introduced a ‘right to own’ measure where employees would have had a chance to purchase their companies if they were put up for sale (The Labour Party 2017a, 19; 2019b, 51). Since co-operatives tend to be in sectors that are not capital-intensive, such as retail and services, other measures might be needed to help promote public ownership and economic democracy in the wider economy (Ford 2019). In 2019, Labour proposed that companies that employ more than 250 people ought to set up ‘Inclusive Ownership Funds’ (IOFs). Each year, the companies ought to transfer at least 1% of their ownership shares into this fund so that, eventually, up to 10% of each company would be owned by employees (The Labour Party 2019b, 60; Pickard 2018b). Employees would have the same rights as shareholders and receive dividend payments capped at 500 GBP/year/employee (the rest of the dividend payment would contribute towards the government’s Climate Apprenticeship Fund) (The Labour Party 2019b, 60). It has been argued that IOFs would help to redistribute wealth and income through shared profits and increase workers’ power, since workers would have a say in the decision-making process. Broadening ownership to workers is also seen as a way to guard against the short-termism of financial capital, since it is assumed that workers are more likely to care about the long-term development of their companies (M. Lawrence 2019, 63–64).

Labour under Corbyn also argued that its policy to nationalise public utility companies (rail, mail, energy and water) can be seen as a way to promote their democratic accountability (The Labour Party 2019a, 7). Labour planned to purchase water and energy companies through government bonds, with the level of compensation offered to investors in these companies set by parliament (Ford and Plimmer 2019a). In contrast to criticisms that Labour wanted to strengthen centralised bureaucratic control over public utilities, Labour clearly promoted decentralised, publicly owned local energy and water companies or co-operatives (The Labour Party 2017a, 19–20; 2019b, 15). It can also be argued that greater public ownership of the energy system would allow the state to direct profits and investments towards socially beneficial goals, such as renewable energy development, in ways that private companies have failed to do (Cumbers 2016, 327). Taking the energy system back into public ownership would occur gradually through stages. During this period
Labour would implement measures to reduce fuel poverty and winter deaths, such as insulating 4 million homes and imposing a price cap on household energy bills (The Labour Party 2017a, 20).

Labour’s plan to nationalise utility companies was sometimes criticised as a backward-looking policy that resembled the post-World War II nationalisation projects of the Clement Attlee government (1945–1951). However, this characterisation is inaccurate. Attlee’s nationalisation projects were criticised by Tony Benn, a prominent left-wing Labour MP in the 1970s, for being too top-down and undemocratic (Seymour 2016, 4). Similar to Benn, who preferred to promote economic democracy, Labour under Corbyn was against top-down nationalisation projects that would give too much power to centralised bureaucracy. Notably, such an organisational model would contain similar structural features to that of multinational corporations (Guinan and O’Neill 2018, 5). Unlike the ‘statism’ of the Attlee government (Alavi 1997, 1901), Labour under Corbyn supported various forms of decentralised and democratically managed ownership arrangements. As discussed previously, it was committed to promoting workplace democracy, expanding the co-operative sector and supporting small businesses and the self-employed (Brighton 2017; Guinan and O’Neill 2018, 1). Labour’s support for economic democracy and alternative models of ownership arguably reflects a strand of socialist thinking that can be traced back to the early days of the Industrial Revolution, specifically to that of the Rochdale Pioneers that inspired the co-operative movement (Guinan and O’Neill 2018, 2).

Labour’s 2017 and 2019 manifestos also included commitments to strengthen workers’ rights and promote job security and equality in the workplace. The 2017 manifesto offered to ban zero-hours contracts, repeal the Trade Union Act and raise the minimum wage to 10 GBP/hour (The Labour Party 2017a, 46–48). In 2019, Labour proposed to establish a ‘Ministry for Employment Rights’ to extend workers’ rights and a ‘Workers’ Protection Agency’ to enforce compliance and inspect workplaces if necessary. It also supported a pilot Universal Basic Income programme (The Labour Party 2019b, 60, 63; also see Standing 2019a), sectoral collective bargaining, and the requirement that one third of company board positions should be filled by elected worker-directors (The Labour Party 2019b, 61, 64). Labour further argued that workers should hold positions in public bodies, such as the Competition and Markets Authority (The Labour Party 2019b, 61, 64). Although Labour
was interested in the idea of a 4-day work week (see Skidelsky 2019a), the 2019 manifesto indicated that Labour would promote a gradual reduction of the average working week to 32 hours in 10 years, whilst increasing productivity so that there would be no loss of pay (The Labour Party 2019b, 62).

Aside from its plan to challenge the economic status quo, Labour under Corbyn also tried to challenge the dominant British Political System (BPT). Labour wanted to put a stop to the hereditary principle in the House of Lords (The Labour Party 2019b, 81) and promote political reform to bring about democratically elected senators (The Labour Party 2019b, 81). Moreover, Labour proposed reforms to further decentralise political power, reduce the voting age to 16, ban political donations from tax avoiders and reform laws governing corporate lobbying (The Labour Party 2017a, 102; 2019b, 81–83). Labour’s foreign policy would be based on the values of peace, human rights and international law. Labour also recognised the importance of new forms of security threats such as cyber warfare and climate change, and was committed to finding multilateral diplomatic solutions to international conflicts (The Labour Party 2017a, 116–120; 2019b, 101). Corbyn had personally criticised the UK government’s missile strikes in Syria in April 2018 and advocated finding a UN consensus to solve the Syria situation (Corbyn 2018). He also called for ‘moral and political leadership’ rather than ‘kneejerk military responses’ (Corbyn 2018). Although Labour would pursue negotiations on nuclear disarmaments, the party was committed to spending NATO’s target of 2% of GDP on defence and continuance of the Trident nuclear submarine deterrent (Elgot 2017; The Labour Party 2017a, 116–120; 2019b, 101).

In contrast to the suggestion that Labour under Corbyn did not sufficiently subscribe to liberal internationalism (Bolton and Pitts 2020a, 104–105), it can be argued that the 2017 and 2019 Labour manifestos clearly expressed Labour’s commitment to a progressive-liberal form of internationalism. Labour was committed to spending 0.7% of the UK’s gross national income on international development assistance, and to supporting progressive multilateral development initiatives, including the UN’s Sustainable Development Goals (SDGs), the Paris agreement on climate change, global tax system reform, the UN’s international treaty on business and human rights, which would make companies legally accountable for human rights violations or environmental harm, as well as international efforts to help refugees (The Labour Party 2017a, 118,
A Labour government would also cease aid spending related to fossil fuel production, and instead support initiatives that promote climate justice, the right to food, human rights and the right to essential medicines (The Labour Party 2019b, 104–105).

In summary, this section discussed how Labour under Corbyn challenged austerity and conventional neoliberal economic ideas, such as through its support for alternative models of ownership and a mission-led industrial strategy. Labour’s economic policies aimed to provide decent and high-skilled jobs, reduce inequality and uneven regional development and ensure that economic growth serves the needs of local communities. It also challenged the centralisation of economic and political power and proposed various measures to promote economic democracy and increase the power of small players in the economy. The next section evaluates criticisms directed at Labour’s economic policies under Corbyn more fully.

**Criticisms, Reactions from Elites and Potential Problems**

This section explores common criticisms directed at Labour’s economic policies under Corbyn and discusses counter-arguments. It argues that many critics overlooked the transformative potential of Labour’s policy proposals, which aimed to redress structural problems in the British political economy and tackle contemporary challenges such as climate change and disruptive technologies. This section also discusses how, if Labour had come to power, implementation of its policies would have likely faced strong opposition that might have constrained their transformative potential.

Mainstream economic think tanks, such as the Institute for Fiscal Studies (IFS), and right-wing think tanks with connections to the Conservative Party, such as the Centre for Policy Studies (CPS), the Institute of Economic Affairs (IEA) and Policy Exchange, similarly criticised Labour’s policies under Corbyn regarding tax rates, public spending, nationalisation and the strengthening of workers’ power. Labour took into account behavioural changes from their proposed increases in tax rates (see The Labour Party 2019a), but critics argued that Labour underestimated these changes and that tax revenues would therefore decline in the medium to long term (Gudgin et al. 2019, 10). The IFS also claimed that Labour’s
proposed increase in corporation tax rates would be passed on to shareholders, employees and consumers and that it would reduce long-term business investments, productivity and wages (Johnson 2019). Nevertheless, the extent to which businesses can pass on their tax burden through wage cuts, price increases and reductions in shareholder dividends arguably depends on many factors, such as the bargaining power of these groups and market competition. Trade unions and well-protected workers’ rights would help to protect workers’ income levels (Meadway 2019b; also see Blakeley 2019). Improved competition laws would also help to increase consumers’ power (Mason 2019).

Additionally, one cannot simply assume that cuts in corporation tax rates will necessarily help to increase the level of business investments. Arguably, cuts in corporation tax rates since 2010 (from 28 to 19%) did not significantly stimulate post-2008 business investments (Meadway 2019b; The Labour Party 2019a, 32). It has been argued that the result of the Brexit referendum was probably the main cause for the recent stagnation of business investments (Nabarro and Schulz 2019, 48–49). Moreover, the IFS’ narrow focus on microeconomic analysis might have led it to neglect positive macroeconomic consequences of Labour’s economic policies (Meadway 2019b; Wren-Lewis 2019). Labour’s infrastructural investments, for example, would have arguably benefited the private sector, whilst its other economic measures would have helped to create multiplier effects (Meadway 2019b) that would have stimulated growth and raised tax revenues.

Critics such as the IFS portrayed Labour’s public spending plan as unprecedentedly massive. However, it is arguably inappropriate to compare the scale of Labour’s public investment plans with UK government public spending in the past few years, as various critics did, since the latter was quite low relative to other developed countries (2.6% of GDP compared to the average of 3.6% in OECD countries) (Meadway 2019b). Labour’s plan would have brought public spending to about 4.5% of GDP—a level comparable to that of Sweden and Norway (The Labour Party 2019a, 8). The scale of Labour’s proposed investments also ought to be analysed in the context of contemporary challenges, particularly that of climate emergency, which so far has been insufficiently addressed by the private sector (Blakeley 2019). As John Weeks (2019) aptly argued, politicians’ preoccupation with ‘affordability’ pales in comparison with the current ‘existential threats’ that face the UK, which include that of ‘climate change and social cohesion’ (Weeks 2019, 8). Even if one prioritises
the economy above all else, it can still be argued that climate change inevitably harms economic prosperity. According to the widely referenced Stern review (2007), neglecting to tackle climate change would take away 5–20% of global GDP/year or even higher (Stern 2007, vi). Given such contemporary challenges, Labour’s plan to invest in long-term projects to increase productivity and to help tackle climate change (The Labour Party 2019a, 7) was arguably a sensible economic strategy.

Right-wing think tanks argued that nationalisation of utility companies would cost an exorbitant amount and adversely affect pension funds that have invested in these utilities, and also prompt investors to pursue legal challenges if a Labour government did not pay compensation at market prices (Crossman et al. 2019, 2; Gudgin et al. 2019, 12; Jessop and Shackleton 2019, 6; Mahoney 2018, 20–21). An important business lobby group, the Confederation of British Industry (CBI), argued that the cost of Labour’s nationalisation plans would amount to 196 billion GBP, but later admitted a mistake in their assumptions and calculation (Roberts 2019). Some news reports also claimed that foreign investors had tried to seek legal protections offered by bilateral investment treaties (BITs) between the UK and 90 other countries (Ford and Plimmer 2019b).

Labour argued that nationalisation of utility companies would increase the democratic accountability of these organisations (The Labour Party 2019a, 7). Notably, water, telecommunications and electricity companies in the UK have been offering reliable and high returns, which has prompted many international private equity, pension and sovereign wealth funds to invest in these companies in recent years (Ford and Plimmer 2019b). Water companies have been criticised for placing more importance on dividends and executive payments over service improvements and infrastructural investment (Plimmer 2019; Ford and Plimmer 2019a). English water companies have borrowed 51 billion GBP but paid 56 billion GBP in dividends since their privatisation in 1989 (Ford and Plimmer 2019a). There have also been recent reports of sub-standard services and incidents of pollution that have harmed the environment and public health (Laville 2019).

Labour also pointed out that nationalisation of utility companies would increase public sector assets, not just debts (The Labour Party 2019a, 7). In addition, David Hall’s research (2019) has suggested that Labour’s plan to nationalise water, energy, broadband and mail companies would bring in large monetary returns and benefits that outweigh the costs (Hall 2019). The nationalisation of utility companies would likely reduce the
government’s bureaucratic transaction costs from having to coordinate with many companies, increase accountability to the public and make it easier for the government to promote renewable energy (Hall 2019). The money saved from not having to pay shareholder dividends and interest on the companies’ debts (around 8 billion GBP/year in total [Hall 2019]) would allow the companies to lower their prices or to pursue productive investments, and/or perhaps transfer some of the money saved to the Treasury (Blackburn 2018, 15; Hall 2019).

The argument that UK pension funds will incur significant financial harm from nationalisation of these companies is also problematic, since UK pension funds own only around 5% of water and energy companies (95% of these companies are owned by foreign investors) (Hall 2019). As for possible legal challenges by foreign investors, it is worth noting that BITs do not necessarily prohibit nationalisation that serves public purposes, nor do they specifically require that government compensation be paid at market value (Ford and Plimmer 2019b). There is a legal basis for the government to pay compensation below market value if it can be argued that nationalisation is part of economic reforms and/or measures to promote social justice (Hall 2019). Moreover, BIT arbitration processes can be lengthy and costly, and they might also be subjected to political opposition and have unpredictable outcomes (Hall 2019). These factors could deter investors from pursuing this option. Nevertheless, retaliation from transnational capital groups ought to be taken seriously by Labour, as discussed further below.

Many critics of Labour’s economic policies, including economists from right-wing think tanks and commentators in finance-oriented newspapers such as The Financial Times, often focus on conventionally narrow criteria such as ‘efficiency’ and ‘competitiveness’ as an important basis for economic growth (for example, see the discussion in Giles and Stubbington 2019). Notably, critics were often silent on fundamental problems in the British political economy such as inequality, productivity, financialisation and sustainability. As Chapter 2 discussed, political debates on the economy in the UK before 2015 focused narrowly on the government’s budget deficit. Other important structural issues that concerned academics and economists, such as how to raise productivity, discourage growth in mainly low-wage and insecure jobs and cope with the consequences of climate change, were often ignored (Gamble 2015, 166). Chapter 2 also discussed the finance-led growth model and uneven development in the UK. Arguably, there is cause to be concerned that
the centralisation of decision-making power led to economic policies that consistently favoured the financial sector based in London, whilst allowing for increases in regional inequality (Blakeley and Raikes 2018, 100–105).

Labour under Corbyn broadened political discussions about the economy. Its policy proposals looked beyond conventional economic criteria, such as efficiency and GDP growth, and took into account social justice, environmental sustainability and progressive goals such as democratic accountability and economic democracy. Labour argued that it was important to consider the sources of growth, how they would affect local communities, and whether growth would serve social objectives such as job creation (The Labour Party 2017b, 1). The policy document *Richer Britain, Richer Lives* (The Labour Party 2017b), for example, stated that ‘[t]he role of government has to be about more than redistribution, it must be to ensure we all share in our country’s growth in the first place’ (The Labour Party 2017b, 1). This indicates Labour’s support for pre-distribution policies (see also Coates 2016, 17) and its concerns for the qualitative aspects of growth.

Despite claims that Labour’s policies were backward looking, it can be argued that Labour attempted to prepare the British economy to meet future challenges, particularly those of climate change and disruptive technologies. Even though Labour’s 2019 policy to provide free full-fibre broadband was perceived by many voters as a ‘gimmick’ (Proctor and Murray 2020), there were economic reasons behind this policy. Large-scale digital infrastructural upgrades are needed in order for the UK to take full advantage of new technologies such as 3D printing and 5G technology, which would help to empower small-scale businesses and community-owned enterprises across the country (Meadway 2019a). An open letter in *The Guardian* signed by 13 academics, including Ha-Joon Chang from Cambridge University and Danny Dorling from Oxford University, argued that Labour’s broadband project ‘would have a high social and economic rate of return’ and that it was unlikely to impede private investments (Patrick Allen 2019).

Labour’s policy proposals were inspired by alternative economic approaches that have flourished in recent years. Many academics and progressive think tanks have pointed out that structural reforms of the economy are necessary. Shortly before the 2019 General Election, 163 economists led by David Blanchflower, a former member of the Bank of England Monetary Policy Committee, signed a letter published in *The Financial Times* in support of Labour’s economic programme, citing how
‘the Labour party has not only understood the deep problems we face, but has devised serious proposals for dealing with them’ (Blanchflower 2019). Years of austerity have arguably weakened the British economy, which predominantly relies on consumption and rising levels of debt, and also has one of the lowest levels of private and public investments compared to OECD countries (Pettit 2018, 51–54). The lack of corporate investment and productivity growth, the widening of regional economic gaps, as well as the threat of climate change, are arguably good reasons to support large-scale public investment, a green industrial strategy, and other measures to increase wages and productivity (Blanchflower 2019). A recent study by the IPPR (2018) highlighted similar issues and pointed to the prevalence of insecure jobs and lower levels of material well-being for younger generations. It also called for fundamental reform of the British economy on a scale comparable to that of the Keynesian reforms of the 1940s or the free market reforms of the 1980s (IPPR Commission on Economic Justice 2018, 4).

Many critics also seemed to assume that the private and financial sectors are the main creators of growth and wealth in the economy, which explains why they might look sceptically upon left-of-centre measures, such as corporation tax increases. It can be argued, however, that even though Labour under Corbyn wanted to increase tax rates for high income earners, reverse corporate tax cuts and impose unitary taxes on transnational companies, its economic policies would nevertheless generally benefit the economy and the private sector. The National Education Service and the National Transformation Fund, for example, would have helped businesses by providing skilled labour and upgraded infrastructure (for other policies to help businesses, see The Labour Party 2017, 14). Although it has been argued that higher corporation tax rates would reduce their incentives and prompt many businesses to leave the country, this may not necessarily happen on a significant scale. Academics such as Richard Murphy, for example, argued that business behaviours were likely to be rather ‘inelastic’ in the face of Labour’s tax reforms (R. Murphy 2019, 17–18).

Labour’s policies on wages and workers’ rights were sometimes portrayed as a hindrance to the private sector. It was argued, for example, that these policies would tamper with market mechanisms and make the labour market less flexible (Gudgin et al. 2019, 10–11). Such perspectives reflect a neoliberal economic belief that labour market flexibility allows businesses to be more responsive to changes in market conditions, which
positively contributes to job creation and growth. Nevertheless, there are opposing views that rightly caution how labour market flexibility places business owners in a privileged position. Moreover, it does not necessarily increase secure employment and might also increase inequality between workers (for example, see Posner 2017, 237–238; Elliott 2018). Contrary to neoliberal perspectives, Labour’s policies on wages and workers’ rights had the potential to help reduce in-work poverty and inequality, which would arguably benefit the economy as a whole. Notably, there is international evidence to suggest that more economically equal societies yield social benefits as well as help to secure stable growth (IPPR Commission on Economic Justice 2018, 4).

Drawing inspiration from Mariana Mazzucato’s work, Labour’s policy proposals challenged the conventional conceptualisation of ‘the market’ and ‘the government’ as being mutually exclusive. Mazzucato argued that wealth is co-created by the private and public sectors, and that the UK government should adopt a ‘market-shaping framework’ that recognises the necessity of strategic and long-term capital (Mazzucato 2016). Moreover, the government should support investment-led growth that prioritises investments in innovation, people and communities rather than debt-fuelled consumption-led growth (Mazzucato 2019; for support of investment-led growth, see also IPPR Commission on Economic Justice 2018, 4). Mazzucato also argued that the UK government should address inequality and unsustainability that harms society as well as the economy (Mazzucato 2016).

Labour under Corbyn also drew on studies from the International Monetary Fund (IMF) and the OECD to argue that public investments positively affect GDP (IMF 2014; Mourougane et al. 2016, cited in The Labour Party 2019a, 8). Given that public capital stock and interest rates were low in 2019, Labour argued that it was a good time to increase public investment to stimulate and grow the economy (see The Labour Party 2019a, 8–10). Furthermore, it can be argued that Labour’s social investments (for example, in education and social services), which would be funded by higher rates of corporation tax, should be seen as a ‘win-win’, rather than as a burden on businesses, because investing in people and communities helps to create value in the economy. Labour’s plan to support innovation and a green economic transition would also likely raise productivity, address environmental problems and stimulate growth (Mazzucato’s argument in Hutton and Mazzucato 2019).
Some may argue that, even though the British economy is in need of reform, Labour’s policies might not constitute a suitable remedy. Right-wing critics often cite ‘government failures’ as opposed to ‘market failure’ as the main problem to be concerned with, and point to past examples of government mismanagement and misinvestment (Jessop and Shackleton 2019, 6; Mahoney 2018, 21). A report by Policy Exchange, for example, expressed scepticism that the National Investment Bank and the Preston Model could be used to stimulate economic growth (Gudgin et al. 2019, 13). Many commentators, not only from the Right, argued that Labour’s attempt to promote economic democracy might result in bureaucratisation, cronyism and paternalism (Gudgin et al. 2019, 12, 14; Painter 2018, 5). National institutions that Labour proposed to create to deliver services, such as the National Education Service, might also become unresponsive to local needs (Painter 2018, 7). Another concern was possible tensions between Labour’s plans to devolve power and the need to coordinate policies between various institutions to achieve its broader economic goals, such as the Green New Deal (C. Murphy 2019, 10).

On the one hand, it is important to take into account these concerns and minimise potential problems, such as with regards to the possibility of misinvestment, bureaucratisation, and tensions between centrally directed goals and local needs. Labour could also learn from the experiences of alternative models of ownership and national investment banks in other countries (for examples, see Guinan and Hanna 2018, 101, 110–122; also see Griffith-Jones and Rice 2019, 13). On the other hand, it is important to recognise the urgent need to redress structural problems and fundamentally reform the British political economy, and to point out that the ‘business-as-usual’ approach is unlikely to meet contemporary challenges such as climate change. If one acknowledges the importance of redressing high levels of inequality, uneven development, ecological unsustainability and the promotion of economic democracy, not merely the virtues of efficiency, GDP growth and ‘business confidence’, then Labour’s economic programme could very well be appreciated as a step in the right direction. In other words, it is argued here that Labour’s economic policies under Corbyn held too much potential for them to be discredited or discarded based on the possibility that the problems discussed above might occur. Policies can be adjusted over time and so any problems that might occur during their implementation could gradually be solved. With regards to the possibility of government misinvestment, Simon Wren-Lewis of Oxford University has suggested that
Labour’s ambitious investment plans might not necessarily be problematic if a Labour government ‘takes the time to invest wisely’ (Wren-Lewis 2019).

It is unsurprising that radical reforms proposed by Labour provoked hostile reactions from powerful elites and kindled scepticism amongst those who did not see the need to fundamentally reform the economy. Chapter 1 discussed left-wing scholars’ warnings about the limitations of using the state to advance anti-capitalist or socialist causes. Coates, for example, warned that a left-wing government would face significant opposition, especially due to pressure from economic globalisation (Coates 2013, 49–50). If Labour under Corbyn had formed a government, it would likely have faced significant retaliation from transnational business and finance capital groups, and perhaps resistance from state bureaucracy as well. The danger of ‘capital flight’, in particular, is often cited as an important form of retaliation by transnational capital that massively constrains the state’s policy options. Reportedly, many people in the City of London were uneasy about Labour’s plans to reform financial transactions taxes (Blackhurst 2018). Following the 2017 election, many financial investors apparently became nervous about the prospect of a Corbyn government and moved hundreds of millions GBP out of the UK (see Espinoza and Bounds 2017; Flood and Thompson 2018). As Shadow Chancellor of the Exchequer, John McDonnell prepared for capital control measures and tried to establish a ‘positive’ relationship with the financial sector (Pickard 2018a), although it is doubtful he succeeded in the latter task.

It can be argued that other factors, such as Brexit, might have caused foreign capital to flow out of the UK after 2016. Wren-Lewis (2019) also argued that massive capital flight and currency collapse were unlikely to happen if Labour won power in 2019, and that Labour’s monetary policy and its fiscal rules were hardly radical and were ‘nothing to frighten investors’ (Wren-Lewis 2019). Moreover, Labour pointed out that financial transactions taxes are common and have long existed in many countries such as France, Ireland, Hong Kong and Singapore, and that the UK could simply extend its stamp duty reserve tax further (The Labour Party 2019a, 36).

As discussed previously, foreign investors might attempt legal challenges to the nationalisation of utility companies (Ford 2019), claiming that such moves constitute asset expropriations by the state. It has also been argued that the ‘threat of expropriation of assets’ (Gudgin et al.
might damage investor confidence in the UK, which would then reduce foreign direct investment (FDI) and increase the costs of borrowing for the government (Gudgin et al. 2019, 12–15; Mahoney 2018, 21). Moreover, nationalisation might provoke other countries to implement similar policies that damage British investments overseas (Jessop and Shackleton 2019, 6). Some critics from the private sector also argued that the IOFs should be considered as an additional tax on companies (Giles 2019). An analysis from *The Financial Times* and the law firm Clifford Chance estimated that over 300 billion GBP worth of shares in 7000 large companies would be handed over to workers under Labour’s IOFs scheme - an act they described as ‘one of the biggest state raids on the private sector to take place in a western democracy’ (Pickard 2019a). It was argued that the IOFs could be considered a form of unlawful expropriation, which would mean they could be legally challenged according to the rules of investment treaties and the World Trade Organization (WTO) (Ford 2019). Furthermore, it was argued that Labour’s proposal to impose unilateral tax on transnational companies without international agreement might result in retaliatory taxes on transnational British companies by other governments (Fildes and Pickard 2019).

The issues discussed above ought to be taken seriously, but it is not necessarily the case that a Labour government would lose these legal cases or that other governments would retaliate against nationalisation of utility companies and increased taxes on their transnational companies, especially if international political and economic norms were to shift in favour of the Left. This possibility is discussed in the next section. Labour under Corbyn also recognised the need to establish international collaborations to advance progressive agenda, as discussed previously. For example, it supported multilateral attempts to solve international problems such as climate change, trade wars, the concentration of wealth in the hands of financial elites, and exploitation in developing countries by transnational corporations (The Labour Party 2018).

The Civil Service is supposed to be politically neutral, but this might not always hold true for all civil servants. In 2019, two senior civil servants informed *The Times* that Corbyn was ‘too frail’ and might not be able to serve as Prime Minister due to health concerns (BBC 2019). There are historical examples that indicate how a left-wing Labour government might face resistance from the bureaucracy when it comes to implementing radical policies. For example, after the economic crisis of 2008,
the Treasury consistently opposed the industrial policy of the Department of Business, Enterprise and Regulatory Reform (BERR) (Diamond 2013, 101). Another example was how, when Tony Benn became Labour’s Minister of Industry in 1974, his industrial strategy and support for worker-run companies were strongly opposed by senior civil servants, as well as by the Confederation of British Industry (CBI), the City of London, the media and other ministers in his own party (Panitch and Leys 2001, 95–100). As the previous section discussed, Labour recognised the need to institutionally reform state functionaries to help advance progressive causes. For example, it proposed to alter the Treasury’s investment rules to promote environmental sustainability (The Labour Party 2019b, 13), as well as move some functions of the Bank of England to different regions to make it more responsive to specific regional needs (Walker 2017). The next section discusses how widespread political support for a left-wing government is essential in order to ward off bureaucratic resistance and inertia.

Overall, this section argues that Labour’s policies under Corbyn had the potential to progressively and fundamentally transform the British political economy. However, given the breadth and depth of Labour’s policy proposals, as well as strong opposition from powerful elites, it would have been strategically sensible for Labour to prioritise key reforms. As Berry (2018) argued, a left-wing party and/or government should strategically choose its battles and even appease powerful interests at times. Arguably, Labour under Corbyn did not do this in 2019, instead opting for a manifesto that went radically beyond the 2017 manifesto. The next section reflects on Labour’s electoral defeat in 2019 and the future of left-wing politics in the UK.

**Labour After Corbyn and the Future of Dissent**

The previous section argued that Labour’s economic policies under Corbyn were supported by valid arguments. However, Labour’s electoral defeat in 2019 and the end of Corbyn’s leadership means that the potential of these policies will probably not be realised. It is unlikely that Corbyn’s successor, Keir Starmer, will support radical left-leaning economic policies, or at least not to the same extent as Corbyn. Understandably, the end of Corbyn’s leadership raised many questions about the future for Labour and the Left. As a contribution to ongoing debates, the following paragraphs discuss how the Gramscian/Coxian theoretical
framework and insights from socialist scholars, which were discussed in Chapters 1 and 2, provide useful guidance. In summary, this section proposes that, even after the 2019 electoral defeat, Labour and the Left should still continue to engage in counter-hegemonic struggle, such as by supporting alternative economic initiatives at local levels, as well as by promoting progressive political economic ideas and policies at national and international levels. At the time of writing, it is too soon to evaluate the Labour Party under Starmer or to discuss fully the effects of Brexit and of the coronavirus pandemic in 2020. However, this section briefly discusses how the economic consequences of the pandemic has created opportunities to shift the political economic consensus leftwards, and for Labour under Starmer to promote its green recovery economic policies.

Given many structural constraints on radical left-wing politics, one might be tempted to disengage with national politics, especially after Labour’s 2019 electoral defeat. However, it is important to remember that national political struggle is an indispensable ingredient that can help to advance democratic or parliamentary socialism. As discussed in Chapters 1 and 2, many socialist scholars have argued in favour of using the state to advance democratic socialist reforms. Nevertheless, capturing and harnessing the power of the state should be seen as just one important part of a counter-hegemonic project. Following Wright (2019), this book supports a strategy of ‘eroding capitalism’, which combines a strategy of ‘dismantling and taming capitalism’ by the state (such as through the promotion of a mixed economy, social democracy and changing economic rules) and a strategy of ‘resisting and escaping capitalism’ through bottom-up practices (to neutralise or insulate oneself from the harms from capitalism) (Wright 2019, 42–53, 92–93). Notably, the state can be used to widen space for bottom-up initiatives (Wright 2019, 64). As discussed in Chapter 1, the Coxian critical political economy approach adopted in this book highlights the importance of building counter-hegemonic configurations of ideas, institutions and material capabilities to challenge the status quo. This approach also takes into account the interplay of both domestic and transnational forces (Cox 1981, 135–136, 141). As discussed in Chapter 3 and in this chapter, it can be argued that Labour under Corbyn attempted to engage in counter-hegemonic struggles, including by propagating alternative progressive economic ideas in society and proposing institutional reforms (see Guinan and O’Neill 2018). However, there is always room for improvement. The following paragraphs propose how Labour and the Left could continue
to develop strategies to popularise progressive economic ideas, support bottom-up economic initiatives and institutions at local levels, campaign for progressive political reforms, and foster alliances at the international level.

The previous chapters have argued that, whilst it is important to focus on winning elections, Labour should not neglect to engage in long-term counter-hegemonic ideological struggle. Finding a balance between these two demands, however, is a difficult task. After the better-than-expected 2017 election result, some might have thought that Labour could move even further to the Left. Some academics, for example, criticised the 2017 manifesto for not being novel or radical enough (Worth 2019, 8–10), or argued that it was unclear how Labour’s industrial strategy formed part of a broader plan to promote socialism (Panitch and Gindin 2018). However, it is likely that Labour’s manifestos, particularly the 2019 manifesto, were perceived by many voters as too radical and perhaps not very credible, which partly explains Labour’s electoral defeats. In hindsight, even though Labour’s economic policies were supported by many economists, these policies might have gone too far in challenging voters’ economic common sense. According to a YouGov survey in 2019, many of Labour’s policies were popular, such as the proposal to increase the tax rates for top earners and the nationalisation of utility companies. However, 57% of those surveyed thought a Labour government might contribute towards an economic recession in a few years, whilst 53% thought that Labour’s spending promises were not affordable (M. Smith 2019).

Many scholars, such as Berry (2019), have recognised the need to change political economic ‘common sense’ in order to build a strong social base to support the Left’s project. This includes initiatives to promote economic literacy, new think tanks to develop progressive policies and more effective media strategy (Berry 2018, 2019). Similar to Wright’s (2019) support for bottom-up practices that challenge capitalism, Berry (2018, 2019) argued that Labour ought to connect with and help to support grassroots projects that experiment with alternative economic practices, such as community-owned renewable energy co-operatives. There is no ‘blueprint’ for a democratic socialist economy, but such an economy is likely to consist of co-operatives and public banks, and might also promote participatory planning and universal basic income (Wright 2019, 72–92). Notably, Momentum activists have been involved with many self-organised local initiatives, such as food banks and childcare
centres (Pitts and Dinerstein 2017, 424, 429). Labour could also step up its community-level engagements. For example, a Labour councillor suggested that Labour could use its vast resources and its Community Organising Unit (COU) to listen to local concerns and support community projects around the country, such as mutual aid groups and breakfast clubs (Wilson 2020). The COU was set up in 2018 so that Labour community organisers could engage with local issues and support local self-help initiatives. However, in practice, the COU was often used to help with Labour’s election efforts (Wilson 2020). Engaging with local communities throughout the country in this manner might help Labour to overcome the ‘cities and towns divide’ discussed in Chapter 3, as well as to develop ‘national-popular’ strategies (this term is discussed in Chapter 1 and in McNally 2009, 62) to gain widespread political support. Having more successful examples of alternative economic practices and institutions at the local level would also help to justify policies to promote their expansion at the national level.

The previous chapters have raised many political issues, particularly those of widespread political disaffection, rising nationalism in Scotland and the majoritarian voting system that favours large parties. This chapter has also discussed Labour under Corbyn’s opposition to the hereditary peerage system in the House of Lords and its support for further decentralisation of political power. These issues, as well as political constraints on progressive politics generally, should continue to be discussed by the Left. Moreover, the benefits of a proportional representation voting system should be explored further (for example, see a discussion in Lewis 2020).

Aside from counter-hegemonic struggles at local and national levels, the Coxian critical political economy approach suggests that counter-hegemony at the international level should not be neglected. Labour under Corbyn recognised that a global dialogue, and perhaps new ‘Bretton Woods’ international institutional arrangements, were needed to solve serious international problems (The Labour Party 2018). Spearheaded by John McDonnell, Labour organised an International Social Forum at the School of Oriental and African Studies (SOAS), University of London, in July 2019 to promote a more equitable global economic system and discussion of solutions to major international threats such as climate change (Huck 2019). Nevertheless, it has been argued that Labour and the Left ought to place international governance more centrally in their discussions about reforms. Bishop and Payne (2019),
for example, called on the British Left to take on the task of developing a ‘re-embedded post-neoliberalism’ form of global governance where states would have more autonomy to pursue economic and social policies, even though they would still be committed to multilateralism (Bishop and Payne 2019, 90). In 2018, Guinan and O’Neill argued that Labour under Corbyn had made an ‘institutional turn’ when it tried to ‘bring about an egalitarian rebalancing of power through a reordering of the basic institutions of the economy’ (Guinan and O’Neill 2018, 4). Adler (2019), however, further argued for Labour’s ‘international institutional turn’ - that Labour ought to pay more attention to structural reforms of global institutions that affect the distribution of wealth between countries (Adler 2019, 13). Labour could also support the establishment of new multilateral international institutions and promote economic democracy internationally (Adler 2019, 19).

Fostering progressive transnational alliances seems like an even more pressing task if one takes into account the power of transnational right-wing forces that help to sustain the neoliberal economic order. Reportedly, many US and UK right-wing think tanks are part of a large umbrella network, funded by wealthy institutions and billionaires, that consists of over 450 think tanks and lobby groups (F. Lawrence et al. 2019). It has been argued that, due to the sheer number of these institutions and their influence in the mainstream media, they very effectively coordinated their messages to promote Brexit and right-wing economic ideology (F. Lawrence et al. 2019). Nevertheless, there are reasons to suggest that, even amongst centrist and right-leaning groups, the economic shocks brought about by the coronavirus pandemic in 2020 might have altered the economic debate to the benefit of the Left, as discussed below.

Government borrowing in the UK has increased to cope with the negative economic consequences of the pandemic. One estimate suggests that government borrowing will likely reach 300 billion GBP, or even 500 billion GBP if the economy takes longer to recover (Elliott 2020). As a sign that mainstream economic views have shifted to support greater state intervention in the economy, right-wing think tanks, such as the CPS, Policy Exchange and the Adam Smith Institute, now agree with increased public spending and investment to tackle the outbreak as well as to stimulate the economy (Inman 2020). Many economic commentators have also pointed out that monetary policy is going to be a very limited tool to combat the next economic crisis since interest rates are already at very low levels, and that fiscal policy to stimulate growth is likely required (for
example, see J. Smith et al. 2019; Harari 2020). Surprisingly, Conservative MP and former Brexit secretary, David Davis, has even discussed how US President Franklin D. Roosevelt’s broadly Keynesian ‘New Deal’ programmes in the 1930s, as well as a new ‘Bretton Woods’ form of international governance, might be needed to solve the current economic crisis and to promote international trade (Elliott 2020).

In addition to the coronavirus pandemic, it can be argued that serious contemporary problems, particularly those of climate change and disruptive technologies, justify new approaches to economic policy and an increased role for the state in the economy (see similar discussions in Wright 2019, 105–107). These contemporary challenges arguably provide opportunities to push for ‘symbiotic transformations’ in which state reforms are used to strengthen capitalism as well as expand the development of democratic socialist alternatives (Wright 2019, 110). Notably, there have been times in the past when state interventions, such as Roosevelt’s New Deal programmes and other social democratic policies, helped to stabilise and strengthen the capitalist economy as well as ‘set in motion dynamics that ha[d] the potential to erode the dominance of capitalism over time’ (Wright 2019, 104). It has been argued, for example, that Clement Attlee’s post-war government was able to implement many transformative reforms of the British political economy because, given the historical circumstances, it did not face significant resistance from financial and industrial capital groups, and also because it received widespread support from trade unions and working-class movements (Jackson 2016, 4).

Due to the aforementioned reasons, one could argue that the current historical juncture provides a similar opportunity to promote transformative reforms. Nevertheless, the hegemony of neoliberalism should not be underestimated. As Chapter 3 discussed, Brexit might give the Johnson government opportunities to abolish EU-style economic governance and fully embrace neoliberalism. The extent to which Labour can capitalise on this historic opportunity and challenge neoliberalism greatly depends on Keir Starmer, Labour’s newly elected leader. Starmer has already been criticised by some for shifting Labour rightward (for example, see Foster 2020), but he has expressed commitments to socialism based on the principles of economic, social and climate justice, and argued that Labour is ‘the party of the green new deal’ and that this agenda must be ‘hard-wired’ into the party (Starmer 2020). Ed Miliband, appointed Shadow Secretary of State for Business, Energy and Industrial Strategy by Starmer,
has also been tasked with developing Labour’s post-coronavirus green recovery plan, which will focus on creating green jobs for young people (Walker and Taylor 2020). Many economists are likely to endorse such policies, such as Lord Nicholas Stern and Joseph Stiglitz, who have argued in favour of green economic recovery plans (reported in Harvey 2020). They have also pointed out that there are labour-intensive ‘shovel-ready’ projects, such as retrofitting buildings, planting trees and so on, which could create jobs quickly since those jobs do not require highly skilled or extensively trained workers (Harvey 2020).

At the time of writing, it is too soon to evaluate the progressive nature and transformative potential of Labour under Starmer. It is up to the Left in the party to push for Labour’s continual support of transformative economic policies and for Labour to consistently engage in counter-hegemonic ideological struggles at national and international levels. Nevertheless, left-wing supporters of the Labour Party ought to be realistic about constraints on radical politics and the pace of change. As Berry (2018) has argued, the Left ought to learn from past radical state projects that successfully toppled the dominant political economic paradigm, including that of Thatcherism, and keep in mind that fighting for transformative change will take a long time, with many setbacks and compromises along the way. Therefore, the Left should guard against ‘tribalism and purism’ or uncritical loyalty to movement leaders and refusals to compromise (Berry 2018).

**Conclusion**

This chapter has discussed how Labour under Corbyn challenged the neoliberal economic status quo and put forward alternative economic policies embedded with progressive socio-environmental goals. Contrary to common portrayals of Corbynism in political science, the chapter argued that Labour under Corbyn went beyond ‘tax and spend’ policies, and that Labour did not adopt a nationalist, backward looking or anti-business approach. It was further argued that it is misleading to label the Corbyn project as populist, and that Labour’s economic policies aimed to redress structural economic problems such as inequality and uneven regional development. Labour under Corbyn aimed to promote economic democracy, the devolution of power and progressive internationalism, as well as increase productivity, investment and secure long-term economic
growth. Although Labour’s policies might have required further refinement, these policies contained progressive political economic ideas that were supported by valid economic arguments.

This chapter also drew upon theoretical discussions and arguments in previous chapters to reflect on the future direction of Labour and the Left after Corbyn’s leadership. It proposed that, even after Labour’s 2019 electoral defeat, it is important for the Left to continue its engagement with national politics and support counter-hegemonic ideological struggles at national and international levels. To continue its counter-hegemonic project, Labour and the Left should also increase its engagement with local communities and support for alternative economic initiatives. Moreover, the chapter discussed how the present historical juncture involves opportunities for the Left to popularise progressive political economic alternatives, although success in this regard is far from certain. The following and final chapter brings together the major threads of the book and summarises its main arguments.

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