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2017 is the worst year possible for Britain to experiment with Corbyn-omics

MATTHEW LYNN
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There's a slim chance Jeremy Corbyn could be elected as the new Prime Minister - but now is not the time for an experiment in the economics of the radical Left

A massive hike in corporation tax. Higher taxes for anyone earning more than £80,000. A Robin Hood tax for the City, a hefty rise in the minimum wage, and the abolition of tuition fees. The Labour manifesto is big on old-style tax and spending policies.

Hardly a day goes by without Jeremy Corbyn or his shadow chancellor John McDonnell promising a tax rise on something or other, along with a “fully-costed” splurge on some wheeze that might attract a few more votes.

They have not quite gotten around to creating a higher tax band for anyone with an MBA or a one-off levy on Ocado deliveries. But, heck, tomorrow is only Tuesday, and there will still be over 24 hours to go before voting begins. Anything could happen.

A General Election that looked safely in the bag for the Conservatives when the prime minister Theresa May announced it six weeks ago now looks dangerously in the balance.

The polls are all over the place, and they have called so many votes wrong in the last three years that no one trusts them anymore. There is a chance – a slim chance but a chance all the same – that Labour might actually get elected.

Its policies would be bad for the economy at the best of times. But one important point has been widely missed. They would be especially catastrophic at the same time as we are negotiating our exit from the EU.

You can argue about how much impact Brexit will have, and whether it will be for the better or worse. What you can't really dispute is that the UK will go through a period of adjustment as it lessens its dependence on Europe – and that will require a mix of lower taxes and lighter regulation to remain attractive to global business.

In truth, 2017 will be just about the worst year possible for Britain to try an experiment in the economics of the radical Left.

The markets have not really begun to get frightened, although they should. The record shows that radically Left-wing governments are – and this probably isn't going to surprise anyone – terrible for equities.

The closest parallel is the minority Harold Wilson government of February to October 1974, when the then chancellor Denis Healey promised to "squeeze the rich until the pips squeak". The stock market fell by 50pc during that short period (although, in fairness, there was lots of bad stuff happening to the global economy). The next closest is probably Clement Attlee's government of 1945 to 1951, when the London market fell by 7.5pc despite the post-war reconstruction of the global economy (the Dow Jones, by contrast, went from 169 to 257 which shows you had badly Attlee's UK fared).

Likewise, under Wilson's interventionist administration from 1964 to 1970 the market fell by 13pc. While the parallels are not exact, let's put it this way: it would take a lot of guts to predict the FTSE will still be above 7,500 in 2022 after five years of Corbyn.

Labour argues for ending austerity, for an interventionist industrial strategy, for higher minimum wages and more public spending paid for by higher corporate taxes and taking more from the top five to ten percent of earners.

What it has not even attempted to do is make an argument for how that fits into a strategy for our post-Brexit economy.

You can argue whether leaving the EU will be good or bad for the economy. The honest answer is that we don't really know. What you can't argue is that the UK economy will go through a period of transformation as it pivots away from Europe.

We are going to lose some jobs and companies, especially in finance, and in parts of manufacturing, and there is not much that we can do about that.

Against that, there are plenty of industries, especially in the creative industries, design, law consultancy and technology, where the Single Market doesn't make a lot of difference one way or the other.

Positioning ourselves as the low tax, light regulation hub in Europe for those businesses should be a perfectly viable strategy – indeed, we already starting to see evidence of that in the big new investments made by the likes of Amazon and Google since the vote to leave.

And we can make ourselves an innovation centre for new technologies – we are already one of the few places companies can figure out how to make drone deliveries work, for example, and we can do the same with driverless cars. Net-net, we should find that we come out slightly richer than if we had stayed in the EU.

It is very hard to see how Corbyn-omics fits into that, however. If companies want big state tax and spend politics, an interventionist government, lots of labour market regulations, and high minimum wages, then they might as well go to France or Belgium.

They will get all of that, and have full access to the Single Market as well. It is hard to see what the UK would possibly have to compete.

There would never have been a good time for policies offered by Corbyn and McDonnell. They have failed when they have been tried in the past, and there can be no question they will fail all over again. But the moment when we are leaving the EU is surely the worst time for that experiment.

The consequences would be catastrophic – and it might take decades for the economy to recover.