

The rise and fall of Corbyn's economics

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I was intrigued by this tweet on my timeline yesterday:

I do not know Jos Bell. I do know Danny and Ann and I have spoken to both recently but what I am saying here is purely personal.

What I felt was a need to reply in more than 140 characters to answer three questions. The first is why it had been worth giving Corbyn a go. The second is why that did not work. The third is what now?

I've recounted several times, already, that despite the media suggestions I did not, as such, write Corbynomics. It's true that a significant number (but not all) of the ideas in Jeremy's economic manifesto ([which has now gone from his website](#), and of which I never seemed to keep an electronic copy ([NB: now located](#))) were written by me, but not for Jeremy per se, and certainly not in the way in which he presented them.

The [three main ideas are summarised here](#). They were more progressive taxation to create greater equality both as a matter of fact and to deliver justice in the way that the deficit was tackled. Second, the tax gap was to be tackled to provide funding and to create a level playing field for business. And third, People's Quantitative Easing was, in combination with a National Investment Bank, to be used to fund a new industrial strategy. What the document did not say was what the overall vision was: it focussed on policies not philosophies but it rattled the mainstream media and much of Labour nonetheless.

A year on it's hard to see why. Progressive taxation was hardly a surprising proposal from a left wing politician whilst closing the tax gap is just about everyone's aim: the only problem was Jeremy used my £120 billion figure and did not make clear that not all of it could be collected. [And People's Quantitative Easing now looks as if it will be delivered by the Tories](#). All were issues on which I had written extensively: of course I was going to support a politician who said they were going to use them.

So why didn't things work out? There are four fundamental reasons.

The first was a lack of conviction. John McDonnell became shadow chancellor and the [first thing he said was he would sign up to George Osborne's bizarre, and now abandoned, fiscal charter](#), guaranteeing a balanced budget. It was lunacy. I told him so. He still put it in his conference speech [only to have to U turn on it](#). But the damage was done, and has remained done. The message was clear: a Corbyn / McDonnell opposition was going to do economic policy on Tory ground. Radicalism disappeared and never returned. [Labour's own fiscal charter](#) is evidence of that: it was re-heated neoliberals Balls at best. If this was meant to be what left wing economics was meant to deliver then it looked very much more like a lot more of the same failed policies to me based on a total misunderstanding of what the role of the government in the economy actually is..

Second, Corbynomics disappeared. PQE, which had been the defining economic and industrial symbol of Jeremy's election campaign - the policy that was going to deliver growth, jobs, new industry and hope - might well have never happened. It's taken Stephen Crabb and Theresa May to revive it. In its place nothing was offered at all; just vague words at best for months and then reference to a National Investment Bank on occasion but nothing else.

Third, I had the opportunity to see what was happening inside the PLP. The leadership wasn't confusing as much as just silent. There was no policy direction, no messaging, no direction, no co-ordination, no nothing. Shadow ministers appeared to have been left with no direction as to what to do. It was shambolic. The leadership usually couldn't even get a press release out on time to meet print media deadlines and then complained they got no coverage.

Fourth, and critically, there was no vision. A team of economic advisers were set up, but never properly consulted, let alone listened to. Three enquiries, into the Treasury, Bank of England and HM Revenue & Customs were established and given far too long to report: none has as yet. I gather the tax report is in draft: I have not seen it. Whether it will be presented is anyone's guess. The Bank of England study has collapsed with the departure of Danny Blanchflower. Of the Treasury report I haven't a clue. The point is though that for coming on for a year now policy has been on hold for these reports and the world has moved on. That's just not competent.

The same problem has been seen around Brexit and so many other issues. If Jeremy and John had known what they were doing these impasses would not have happened. The impression left is that they have created a movement that hates what's happening in the world and can get really angry about it, but then has not a clue what to do about it.

If this movement was really visionary that would not be the case. Vision is about having a guiding principle that directs your actions. It is about what you want to achieve. It is

positive. It can never be negative. So the Tories know they want to make the market ever friendlier for a limited number of businesses: that is apparent in all their policies, like it or not. All that I have got so far from the Labour left is a message of what it is opposed to. That's something. But it's a long way from being enough. Vision is about knowing what goes in something's place and this is what I cannot see coming from Momentum or supporters like Paul Mason, whose book *Post Capitalism* in many ways typifies anti-visionary thinking by offering nothing of substance at the end of a long analysis.

Vision is required on the economy and what it is for; about the role of the private sector, and its banks; on tax and benefits and social justice; on health and so much more.

It would not have been hard: try this knocked up in minutes.

The UK economy exists to meet the needs both material and personal of people in this country and should be organised so that all get just rewards for their efforts, a chance for personal development and the opportunity to work how they wish to meet their needs.

The state partners with private enterprise in fulfilling this goal: each is vital, both add value and have a role to play. In particular the private sector must adhere to the rules of fair markets established by the state and pay its taxes. Finance is the servant of markets, and not otherwise. It must therefore be kept in a proportionate role.

We need a tax and benefits policy that integrates with macroeconomic goals for growth and inflation whilst being consistent with the government's goals for social and economic justice, including in tackling inequality and overcoming disadvantage in all its forms.

Health must be available for all at lowest possible cost and highest efficiency. This requires considerable integration of resources and leaves no room for fractured supply in quasi markets which do not reflect the diverse and very real health needs of people or populations as a whole.

It would be easy to write more: if anyone had shadow ministers would have had a clue what they were meant to be doing. But no one offered anything like that. There was no idea what policy was for, no big ideas and so not many small ones either. The result was a mess and that's because it seems like Corbynism is an empty shell that opposes capitalism for the sake of the oppressed but has no clue as to what to put in its place. And that's not responsible, it's not electable and it's not going to work.

So what's next? It's not my job to tell Labour. If anyone wants to listen they're welcome to do so though. I suggest five things.

First, a clear policy for growth that is intended to end a recessionary environment. This involves borrowing, state spending, lower taxes for the time being, the creation of jobs in every constituency (which is one of the primary goals of the Green New Deal) and the bank up of PQE if required to manage debt, if required. Nothing is more important than this. New housing has to be at the heart of this programme, as is the creation of a sustainable foundation for a twenty first century economy. This is building for the next generation.

Then some key obstacles to progress need to be tackled. PQE has to be used to end PFI to end the burden it creates on public services. It could also be used to cancel student debt, liberating large numbers who can never dream because of the debt burden they suffer, and which drags down the economy with them. And the crushing blows to so many imposed over the last years - from attacks on those with disabilities to the bedroom tax - need to be reversed, and could be.

Third, health has to become universal and all vestiges of the internal market have to be swept away.

Fourth, education has to be free. Corporation tax increases can address part of this: growth and the tax gap the rest, with ease.

And as to Brexit? Nothing should be agreed without a second referendum: the EU has allowed them before. It should do for the UK. Implicit in that is discussion on migration, and the creation of a positive programme for the role it can play in the UK both economically and socially which does not, however, ignore the social constraint on the rate of change any society can manage to handle successfully.

Is this enough? No, of course not (there is nothing on defence, corporate reform, the environment per se and much more) but I offer it to show a vision can be matched to policy that could deliver costed and affordable change that economic theory can show should deliver growth with manageable debt in a way that provides a coherent and deliverable alternative to anything this government is offering, and which provides people with real hope.

I have not seem or heard a hint of much of anything like this from Jeremy Corbyn since last summer - and then I was doing all the running for him. I would like to hear it form another candidate for Labour leader now. If we don't I will despair about the vision of so many people engaged in politics with no clear idea as to why.