

Why is the government afraid of big business?

After an interview slip-up by the Shadow Chancellor, the Labour Party has been accused of being “anti-business” by its critics

By [Jack Harvey](#)

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Image: [University of Nottingham](#)

Traditionally the Labour Party has always been critical of business and capitalism – it is after all a party for the workers of society. What makes it difficult for today’s Labour politicians to criticise capitalism and privatisation is how much Tony Blair, “Thatcher’s greatest legacy”, flirted with capitalism. As Conservatives remarked after John Major’s defeat, the level of privatisation and monetarism enacted in Britain was so great that the Labour Party could not bring itself to overturn any of Thatcher’s greatest changes.

But Labour’s politicians today have highlighted the misbehaviour of leading businesses as something that everyone should oppose, but doesn’t. For example, the Prime Minister defended the rises in rail fares with the fact that the country is investing heavily in the railway network – despite this being a long-overdue investment for a private company.

This week we heard that HSBC has been helping wealthy customers escape paying taxes, advising them on how to essentially cheat the system, and hide millions of their assets. Combined with the knowledge that Amazon and Google are bending the rules and avoiding paying the taxes they should be, it’s understandable that there are calls for the government to stand up to these banks and corporations. As I wrote weeks ago, the Chancellor has finally introduced special measures to hunt down these tax-avoiding companies.

Nonetheless, if we look into the councils and committees that advise the government’s economists and the Treasury, we will find that there are representatives from Apple, Google and Facebook still in positions of authority, despite reshuffles. Why is the government so afraid of giving a business that is found to be bending or breaking the law a good arse-kicking?

The defence given by capitalists would be that we can’t hassle our biggest businesses. Putting more limits on wealth-creating institutions will limit the wealth they create. But limiting wealth creation is one thing – losing it is quite another! Annoying our entrepreneurs with more regulation and higher taxes increases the danger of these businesses packing their bags and moving elsewhere. As Thatcher herself said, taxing

the “lion’s share” out of these corporations will make them refuse to do the “lion’s part”. If they cannot see a chance of making a profit in our country they will move abroad and start making the profits they seek there. Obviously, the government does not want to lose the country’s chief creators of wealth – businesses create profits that can be taxed and allow people to be employed.

Can we forgive the government here? These businesses are exploiting loopholes and reaping the profits from doing so, but to chase them up on it and to come down hard, as the Labour Party promises to do, might be cutting off the economy’s nose to spite its face. Whether we like it or not, these big businesses are *big* indeed, and to lose them would be catastrophic for our wealth creation and for our national employment.

Some people say that catching the tax-dodging corporations is all that needs to be done. Excluding those who cheat the system, there should be no further pressure on our corporations. There is great faith in the ‘trickle-down effect’ of today’s economics (despite, in the eyes of many normal people, the non-existence of this effect), and you won’t find mainstream parties looking at new economic alternatives. Taking action against these companies might result in greater prices and less choice. Should we take action against these companies and risk their decision to leave, or tolerate their fiddling of the system with the other benefits that these corporations bring in mind?



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