

# Theresa May should show some leadership and scrap these tax rises for low and middle earners – John McDonnell

**John McDonnell MP, Labour's Shadow Chancellor**, responding to Theresa May's announcement to delay the planned rise in National Insurance for the self-employed, announced in the Budget only yesterday, said:

"It just goes to show that the Tories can never be on the side of ordinary working families when they believe it is acceptable to go ahead with £70 billion worth of tax giveaways to those at the top, while introducing a £2 billion tax hike for low and middle earners.

"The fact the Prime Minister won't fully support her own Chancellor's Budget measure, and has been forced by Labour to row back on it just 24 hours after he delivered his speech in Parliament, shows the level of disarray that exists at the top of government.

"Labour have been clear from the moment they were announced that we will oppose these tax rises on low and middle earners, as we don't think it is a laughing matter, unlike Theresa May and Philip Hammond.

"What is even more alarming is that the Government didn't stop and think before announcing such a tax hike. It should have been obvious that they would need to consult first, or at least wait until after their review on self-employment had finish, before announcing such drastic changes.

"As a result millions of ordinary working families will have been made to worry, and will now be holding their breath until the Government makes up their mind.

"Theresa May should simply show some leadership, rather than this partial U-turn, and just scrap these tax rises for low and middle earners altogether."

Ends

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## Speech: PM statement at European Council Meeting : 9 March 2017

At this summit, we have shown once again how Britain will continue to play a leading role in Europe long after we have left the EU.

In particular, through our contribution to the challenge of managing mass migration; through our leadership in tackling organised crime and instability in the Western Balkans; and through the new and equal partnership that we want to build between the EU and an independent, self-governing, global Britain.

Allow me to say a few words on each.

### **Migration**

First, on migration, we have reviewed progress in implementing the action plan agreed at our last summit in Malta.

I have made clear that we must do more to tackle the vile people smuggling rings who profit from the migrants' misery.

As I have argued, we need a managed, controlled, and truly global approach – and that is exactly what this Council agreed.

We need to help ensure refugees claim asylum in the first safe country they reach, and help those countries support the refugees so they don't have to make the perilous journey to Europe.

And we need a better overall approach to managing economic migration – one which recognises that all countries have the right to control their borders.

### **Western Balkans**

Later this evening, we will begin our discussions on the Western Balkans.

I will make clear my concerns about the potential for increased instability in that region and the risks that presents to our collective security. I will call for the international community to therefore do more to tackle organised crime in the region, including by working more closely with our Western Balkans partners.

And in light of the alleged Montenegro coup plot, I will call for us to do more to counter destabilising Russian disinformation campaigns and raise the visibility of the Western commitment to this region.

And today I can announce that the UK will lead the way by hosting the 2018

Western Balkans Summit. In the run-up, this year we will enhance our security cooperation with our Western Balkans partners, including on serious and organised crime, anti-corruption and cyber security.

## **Brexit**

Finally turning to Brexit, our European partners have made clear to me that they want to get on with the negotiations. So do I.

It is time to get on with leaving the European Union and building the independent, self-governing, global Britain the British people have called for.

And so, as I have said, we will trigger Article 50 by the end of this month. This will be a defining moment for the UK as we begin the process of forging a new role for ourselves in the world – as a strong country with control over our borders and over our laws.

And as the Chancellor made clear yesterday, we will use this moment of change to build a stronger economy and a fairer society that works for ordinary working people by embracing genuine economic and social reform here at home.

Britain is leaving the European Union but we are not leaving Europe. A global Britain that stands tall in the world, will be a Britain that remains a good friend and ally to all our European partners.

## **Question**

You have said many times that you believe deeply that voters must be able to trust their politicians. Let me read you something if I may:

A Conservative government will not raise VAT, income tax or national insurance.

As you well know that appeared in the Conservative Manifesto in 2015, the basis upon which the voters elected a Tory Government. Will you admit that you have broken that promise to the public, and if you don't, don't you risk looking like other politicians who try to wriggle out of uncomfortable truths, those politicians that you yourself have criticised for doing just that?

## **Prime Minister**

We've been very clear, the government was very clear that when the tax lock legislation was passed that it related to the class 1 national insurance contributions. Now of course it's class 1 that covers 85% of workers. The legislation was clear that it was honouring the 2015 manifesto and no amendments or concerns were raised at the time.

But let me if I may just talk about the budget yesterday, because we did make some difficult decisions in the budget yesterday. But those decisions allowed

us to fund an ambitious new approach to technical education, to open more than 100 new free schools, and meet the growing demand for social care, as well as invest in the long term productivity of the economy. It did so whilst maintaining our commitment to balance the country's books.

The decision on national insurance was taken in the context of a rapidly changing labour market in which the number of people in self employment, often doing the same work as people employed more traditionally is rising rapidly. Indeed I understand that the Institute for Fiscal Studies earlier today has said it actually backed the rises to class 4 national insurance contributions paid by the self employed because they say that the current system distorts decisions, creates complexity and is unfair.

I think when you come to reforming tax, and yes, raising revenue to pay for skills, schools and social care, you need to ask yourself a number of things. First of all, is the money going on the right things? Well I've just listed hugely important investments that we are making such as technical education. You need to ask whether it is making the tax system more sustainable? What we see is, yes it is, because the shift towards self employment is eroding the tax base, it's making it harder to afford the public services on which ordinary working families depend. And this goes some way towards fixing that.

I think you need to ask, is it fair? I think it is fair to close the gap in contributions between two people doing the same work and using the same public services to make the same contribution to wider society.

I think the final question you ask is – is it progressive?

The changes that will be built through on mix, the class 2 and class 4 taken together, under those the lowest paid self employed workers will be better off and half the revenues raised will be paid by the best off, by the wealthiest.

And of course the change to national insurance will require legislation of its own, it won't be part of the Finance Bill, that's always what happens with national insurance changes and those elements of the package will be brought forward by the autumn, as I say making lower paid self employed workers better off and we will publish a paper which will explain the full effects of the changes to class 2 and class 4, along with some changes we plan to make on rights and protections for self employed workers including on issues like pension rights and parental rights and maternity pay.

If you just remember back, Laura, one of the first things I did as Prime Minister was to commission Matthew Taylor to review the rights and protections that were available to self employed workers and whether they should be enhanced and people will be able to look at the government paper when we produce it showing all our changes and take a judgement in the round.

Of course the Chancellor will be speaking, as will his ministers, to MPs, businesses and others to listen to the concerns. As I've said, this leaves lower paid self employed workers better off. It's accompanied by better rights for self employed workers, and it reforms the system of national

insurance, to make it simpler, to make it fairer and to make it more progressive.

### **Question**

Boris Johnson has called on you to channel Margaret Thatcher and make clear to our EU partners that a Brexit divorce would be unreasonable. Do you agree with the Foreign Secretary?

### **Prime Minister**

First of all, let me be very clear, there is only ever one Margaret Thatcher. If it comes to the issue of the comments of paying into the European Union, Boris is clear and I'm clear, when people voted on the 23rd of June for us to leave the European Union, they voted for us in the future not paying huge sums into the European Union every year. And of course when we leave the EU, that will be the case.

### **Question**

Back on the budget. You said that you felt that this was a matter for the legislation. [inaudible] What do you say to those people who feel short changed by this?

### **Prime Minister**

As I said in my earlier answer to Laura, when the tax lock legislation was put through which dealt with the various issues of taxation that were addressed in the manifesto, it was very clear that it related to class 1 national insurance, and that covers 85% of workers. So 85% of workers were covered that class 1 national insurance element of the tax lock and at the time it was made very clear that it was that legislation that was delivering on our manifesto commitment, and there were no amendments or concerns raised at the time.

### **Question**

Are you confident that you have US Trump support on the best deal for the UK in Brexit?

### **Prime Minister**

Well first of all when I was with President Trump, I was very pleased we were able to discuss the future relationship, of course on trading terms for the United Kingdom with the United States of America. He's keen that we enhance that trading relationship, as am I, and of course there are limits to what we can sign up to until we have actually left the European Union, but we are, as with other countries, able to start talking about the sort of arrangements that we can have in trading terms.

The point I made to President Trump, as I've made with my European colleagues is that it is in the interest of the UK for us to have a strong European

Union, a strong remaining 27 in the European Union, and I think that is important for us and the United States as well.

## **Question**

The Danish FM said that a post-Brexit trade deal could take up to 15 years – is he wrong? What makes you think it will actually be possible to do it within 2 years given we know that Michel Barnier is very against negotiating a parallel deal?

## **Prime Minister**

First of all, obviously the Treaty sets out that when a country is leaving the EU that the process which is Article 50 sets out for the withdrawal but also setting the framework for the future relationship actually should take the 2 years. And that is the timetable that we're working to and that's the timetable that the EU is working to. Yes, I am optimistic that we can achieve a good and comprehensive free trade deal with the EU.

Why am I optimistic about that? Because it's not just about what's in the UK's interests but also what is in the interests of the EU. And I think what we see in the comments and discussions I hear that increasingly as we look – obviously we haven't started the negotiations, we will start that when we trigger Article 50 by the end of this month – when we come to look at those negotiations what people will see is that the relationship between the UK and the EU of the future matters not just to the UK.

This isn't just what is good for the UK, but what is good for the EU as well. And I believe that that good free trade arrangement is in the interests of both sides of that negotiation.

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## **[News story: British military chief welcomes largest number of female Afghan officer graduates](#)**

*Updated:* new pictures

Speaking today at a graduation ceremony for new Afghan officers at the Afghan National Army Officer Academy (ANAOA) in Kabul, Vice Chief of the Defence Staff, General Sir Gordon Messenger welcomed the increasing female participation in the Afghan security forces.

This year's class has the largest number of female graduates to date, with 23 officer cadets graduating today.



Female officer cadets march at the graduation ceremony.

The ceremony took place the day after General Messenger, the MOD's Gender Champion, participated in International Women's Day events in Kabul, including meeting with British Council and Embassy staff who work closely with the Afghan Government and Civil Society to create a better future for women and girls, including increasing awareness of gender issues in Afghanistan's security institutions.



A British officer presents an Afghan cadet with their graduation award.

This work includes supporting efforts to make the Afghan National Defence and Security Forces (ANDSF) a more attractive career choice for women, including improving accommodation arrangements for female ANAOA cadets. Training in the prevention of sexual violence in armed conflict is also provided to cadets as part of the Academy's programme.

Britain is also working to strengthen the role of women in the Afghan security forces through the training of future female leaders at ANAOA. The 23 graduates from the class of 2017 join the 57 female officers who have previously passed the intensive and sought after training. Today's ceremony also saw the Academy's total number of graduates going over 2000.





General Messenger attends the graduation ceremony at ANAOA.

With Afghans in the lead for providing security throughout the country and training their next generation of future leaders, Britain is helping to 'mentor the mentors' at the ANAOA, where over 30 British personnel provide advice and assistance to Afghan trainers.

Vice Chief of the Defence Staff, General Sir Gordon Messenger said:

Today's largest ever female graduate class demonstrates the progress the Afghan security forces are making in allowing women to help defend their country.

Britain's enduring commitment to Afghanistan means we're helping them in this task, as well as offering broader support to Afghanistan's security institutions.

UK assistance at ANAOA is an important part of NATO's non-combat Resolute Support Mission, which trains, advises and assists Afghan security forces, building their capacity to provide security for the country.

Britain recently increased the number of personnel in Afghanistan, with 500 people now providing advice to Afghan instructors, developing the fledgling Afghan Air Force, advising Afghan security institutions and providing security as part of the Kabul Security Force.

As part of the UK's long term commitment to Afghanistan, Britain has pledged

over £200million to support the ANDSF.

As Her Majesty The Queen today [unveiled](#) a Memorial in London recognising the contributions of the UK Armed Forces and all UK citizens who deployed in the Gulf region, Iraq and Afghanistan from 1990-2015, General Messenger on his visit laid a wreath at the Graves of the Fallen in Kabul.



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## [John McDonnell responds to IFS analysis that shows real wages will be no higher in 2022 than they were in 2007](#)

**John**

**McDonnell MP, Labour's Shadow Chancellor**, commenting on today's analysis from the Institute of Fiscal Studies (IFS) that shows real wages will be no higher in 2022 than they were in 2007, said:

"This lost decade for living standards is a damning indictment of seven years of Tory economic failure.

"Philip Hammond attempted to present his failing and unfair Budget yesterday as a piece of good news for the self-employed. Today's analysis shows that the reality for low income self-employed people is that changes to the tax and benefit system will leave them worse off. In the words of the IFS, National Insurance changes yesterday "are very small by comparison".

"What we saw yesterday was more failure and more unfairness. After a decade of no real wage growth on top of Tory changes to the tax and benefit system, working people are worse off and will continue to be for the foreseeable future.

"Only Labour will take the action needed to end the Tories' economic failure and introduce a Real Living Wage of £10 an hour by 2020."