

Jeremy Corbyn's speech to the Federation of Small Businesses

—
CHECK AGAINST DELIVERY-

Jeremy Corbyn, Leader of the Labour Party, in a speech to the FSB in London today, said:

"I want to start by saying thank you. Thank you for inviting me here today and for that introduction.

But, most of all, to thank you all the Federation of Small Businesses for the role you are playing in holding the government to account. Not least in forcing the retreat last month, when, for now at least, they had to drop their 22 percent increase in the National Insurance rate for the self-employed.

You are respected on all sides of politics because you speak with the authority of your members; the sole traders, the entrepreneurs, the small businesses and you are effective, because you reflect the views of those members.

Like the best trade unions, when you say something, people listen and if they don't? Well, just ask the Chancellor.

Labour does not believe that extra tax burdens should be falling on low and middle income workers, whether self-employed or directly employed.

And we also believe that if we are to restore faith in politics, then politicians have to stick by their word.

That means not breaking a clear manifesto pledge the Conservatives made that they would not increase National Insurance.

The Government's decision to push a £2 billion tax rise on low and middle-earner self-employed broke that pledge. They hoped no one would notice. Well, we

noticed. You noticed.

And

what we have also noticed is that, while most of us have had to swallow seven years of austerity, some are being given hand-outs on an extraordinary scale.

George

Osborne, and now Philip Hammond, have given the term 'welfare state' a whole new meaning – welfare for the wealthiest.

The

Tories have cut the corporation tax rate for bigger companies, from 28 per cent in 2010 to 17 per cent by 2020.

Over

the six years from 2016 to 2022, the total giveaway, the total revenue lost to the public purse, will be £63.8 billion, according to the government's own figures.

And

let's be clear, all of that giveaway will go to big companies.

Remember,

the corporation tax rate for small companies in 2010 was already, under the previous Labour Government, set at 21 per cent.

That

means that by 2020, big companies will have had an 11 percentage point decrease in corporation tax, while the rate for small companies will have been cut by only four percentage points.

And

the differential between big and small companies will have been eliminated completely, with both on 17 per cent.

So,

there has clearly been a bias here in the approach of the Government.

A

bias against small business.

A

bias that was evident in the attempt to increase national insurance for the self-employed.

A

bias that holds back hard working people who want to make a living independently.

A

bias against entrepreneurs who want to start and build new businesses; creating jobs, innovating and helping to make Britain richer. Not for the very rich few, but for the many.

Labour will have a different bias.

Yesterday we reaffirmed our commitment to a Real Living Wage.

Low pay and in-work poverty don't just hurt those directly affected, they mean more public money going on in-work benefits instead of investing in our future. And they mean fewer pounds going to your businesses.

We know that some of you will struggle to pay your staff more. That's why we have promised additional support for your businesses, and are looking at expanding and reforming the Employment Allowance.

We will support those striving to make a living through self-employment and in small businesses, not just because it is the right and fair thing to do, but because millions of jobs and the future of our country depends on it.

Labour's business team, our shadow Business Secretary, Rebecca Long Bailey, and our Shadow Minister for Small Business, Bill Esterson, have been working hard on this.

They, and the Shadow Chancellor, John McDonnell, tell me how important their relationship is with you, how valued your voice and insights are.

So, I want to share with you today the approach that will guide our relationship and then explain how I see it working in practice.

Firstly, Labour believes in fair taxation. So our policies will follow two cast-iron principles forged in our values:

Any tax rises will fall most heavily on those with the broadest shoulders and will be a something-for-something deal. When we ask for more contributions we'll be clear about what you're getting in return.

Secondly,
we want to level the playing field to ensure that no one is being held back due
to unfair advantages of the economically and politically powerful using their
entrenched positions to hold back the enterprise of others.

And,
finally, we will invest to give you the best platform to succeed, with
world-leading infrastructure: digital, transport and energy, as well as
better
access to growth capital, whether it is through loans or equity.

Let
me look at those points in more detail.

When
I say any tax rises will fall on the broadest shoulders, I want to make it
clear today that we will not raise the small business corporation tax rate.

What
we cannot accept, however, is that it is right or necessary for big companies
to have been given a 40 per cent cut in their corporation tax rate, at a time
when others are suffering austerity and the budget deficit remains out of
control.

Britain
has the lowest corporation tax in the G7, now by quite some distance.

So,
corporation tax for bigger companies will move closer to the levels of other
major economies.

But
it will be a something-for-something deal, we will use that extra revenue to
invest in skills.

Employers
are telling us that they need a more skilled workforce and that they struggle
to recruit.

Which
is hardly surprising when, in the last seven years, the further education
budget has been cut by one-seventh, or when the adult skills budget has been
cut in half

And
last year, as student maintenance grants were abolished, university
applications fell.

We
need a highly skilled workforce, and a state that can re-train and re-skill
people as the economy evolves.

That's
why Labour has set out a vision for a National Education Service, from early years to lifelong learning.

Because
we know that education matters, whether it's high quality universal childcare that allows you the time and space to start and develop your business.

Or
whether it's the chance to re-train later in life; opportunity needs to be there for everyone.

And
today too many people and too many businesses are being held back by the lack of investment in training.

Which
leads me to the second element of our approach, a level playing field.

What
people running small businesses tell me is that they are fed up with there being one rule for them and another for big business.

Whether
it's tax avoidance, late payment to suppliers or business rates – giant companies seem to be privileged and sometimes a law unto themselves.

No
one likes paying tax. We don't wake up in the morning thinking, "Oh, I really must pay some more tax today". But most of us know that taxes are essential to
a civilised society and a successful economy.

Business
needs skilled workers and good infrastructure. People who run businesses also have families who need the health and caring services their taxes fund.

So
most of us play by the rules. We do our tax returns, as you know, mine seems to
attract more attention than most but that's okay, transparency is important.

But
some people don't play by the rules, they use all sorts of elaborate ruses like
shell companies or tax havens or offshore trusts to side step the rules.

My
local independent coffee shop can't spend thousands on accountants to avoid paying tax but a big chain of coffee shops can and does.

And
small businesses can't make sweetheart deals with the tax authorities like

Google or Vodafone seemingly manage to.

So
when we say we will clamp down hard on tax avoidance and legislate to close loopholes, that's not anti-business, it's anti-cheating.

So
we will give HM Revenue & Customs more powers and more resources and I can announce today we'll save them one onerous burden, and I hope it's one you'll approve of too.

In
last week's budget, the chancellor bowed to pressure by delaying the implementation of quarterly reporting for small businesses by one year.

That's
not good enough; Labour is against small businesses having to report quarterly.

It's a burden, a distraction, that will hold entrepreneurs back.

Labour
will scrap year quarterly reporting for small businesses with a turnover of less than £83,000, to help you focus on growing your business.

And
we will tackle another problem that I know is a burning issue and overdue for attention.

Small
businesses are owed £26 billion in late payments.

Cash
is king for any business and big companies are managing their cash by borrowing
– interest free – from their suppliers.

Some
of the biggest names in business are holding huge cash piles that don't actually belong to them.

And
I'm going to name some names based on the reports of a reputable credit agency:

Marks
and Spencer pays its suppliers 72 days over terms

E.ON
– the German energy provider, currently pays 78 days over terms

Capita
– a major player in the public sector, pays 82 days over terms

Vodafone

– 84 days over terms

BT

Group – pays 89 days

National

Grid – a whopping 119 days

And

I could go on.

But

note this is 'over terms' and the terms they impose could be 45 days or 60 days to start with. So, we're talking about big companies paying their suppliers, in some cases, six months or more after they have done the work or delivered the goods.

It's

a national scandal.

And

it's not just late payment.

There

was also the case of Premier Foods charging companies to be on their supplier list

And

of John Lewis demanding a 'rebate' from suppliers when their products sold well, a kind of penalty for success.

And

I gather from what you have told me there are many instances of big companies refusing to pay an invoice in full and then saying 'sue me' as if small businesses have the time and money to fight legal battles against the commercial giants.

We

will look at all of this because late payment and the other practices I've mentioned are stopping businesses from growing and causing thousands to go bust every year.

Late

payment kills jobs and holds back economic growth.

Bill

Esterson has been doggedly pursuing this issue in Parliament and I am keen that we work with you to tackle this issue

There
are different options to assess.

Government,
through procurement, can ensure that anyone bidding for a contract pays its
own
suppliers within 30 days. It's normal now to ask for accounts and credit
checks, so this would involve no extra paperwork.

For
the private sector, we've been looking at the Australian system that involves
binding arbitration and fines for persistent late payers.

It
needs to be a system with teeth. A system that delivers a fair deal for small
suppliers

And
we want to work with you to get this right.

No
small business owner should have to go begging to the banks, or even
re-mortgaging their homes, just because a customer considers themselves too
big
and too important to pay on time.

But
let me send a clear message to the captains of industry today, a Labour
Government will declare war on late payment.

Alongside
that, Labour will introduce a radical reform of business rates.

The
Government's piecemeal concessions fall far short of what's needed.

And
so, in consultation with business, Labour set out five points that will
guide
our policies in government:

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there
will be no "cliff edge" increases in rates and a fair and transparent appeals
process

.
we
will bring forward CPI indexation so that businesses aren't paying more
because
of how inflation is measured

.

we will exclude new investment in plant and machinery from future business rates valuation. We want to encourage, not discourage, business investment.

.
we will introduce more regular valuations to stop businesses facing periodic and unmanageable hikes

.
Also, we need fundamental reform of the business rates system ... to ease the burden on traditional high streets and town centres in the age of online shopping and to create a fairer system of business taxation.

And that brings me to the third theme of our approach to small business namely, investment.

Britain's infrastructure is second rate and falling even further behind other major economies.

And, frankly, this government has an abysmal record. They have failed to modernise the economy, whether it's in broadband, energy, transport or housing.

And, at the same time, they have not done enough to finance growth in the small business sector.

That's why Labour is committed to establishing a National Investment Bank with regional investment banks for every region of England.

This year, the Welsh Labour government is creating the Development Bank for Wales.

Its purpose will be to create and safeguard over 5,500 jobs a year by 2022 by providing more than £1 billion of investment support to Welsh business over that period.

This has not come out of the blue. Labour in Wales has nearly two decades' experience of working with the FSB and other business organisations.

It has taken on board your feedback about the forerunner to the development bank,

Finance Wales.

And my business team at Westminster will take a keen interest in the launch of the Development Bank for Wales, and the work it does to generate growth and jobs.

The prime minister regularly accuses me of wanting to bankrupt Britain by borrowing money to fund investment.

But as every businessperson knows there is a world of difference between borrowing for capital spending and borrowing to fund the payroll and day to day trading or service delivery.

The risk of bankruptcy comes not when you borrow to invest in projects that will deliver growth but when you give unfair tax breaks to big companies and the wealthy, when you have a big deficit and not enough money to run public services.

Labour's vision is of a richer Britain, a Britain in which hard working people are not held back.

Britain has more than five million small to medium sized businesses employing more than 15 million people; sixty per cent of the private sector workforce.

Labour is committed to creating an environment in which you can grow, through fair taxation, tough action to level the playing field, including on late payment, and through investment in skills and infrastructure.

The only thing we ask of you, as part of this deal, is social responsibility in the way you operate. Fairness in employment, attention to health and safety, safeguards for the environment, high service and product standards for your consumers.

The economy under the Conservatives is being held back by low investment, low skills, low productivity and low wages.

They believe the way for Britain to succeed is to win the race to the bottom. To become a tax dodgers' paradise, content with rising poverty, falling social mobility and the next generation worse off than the last. It's gone too

far.

A productive economy requires government to have a partnership with business. Building the platform for you to succeed. While guaranteeing fairness for all.

This is a virtuous circle; good investment by government, good practice by business, good public services, funded by a productive, growing economy with fair taxation.

Your businesses suffer when public services are in crisis.

When people have to take time off to care for ill or elderly relatives, because social care is in crisis.

When people are in too much pain to work, but still waiting for an operation.

When our schools and colleges aren't delivering enough skilled workers.

I've set out Labour's three principles; fair taxation, a level playing field and investment.

And I want to add one final principle, to listen and engage with people like you, the experts in their area.

I think we need more experts, not fewer, informing our policy and politics.

I started by saying that I saw the FSB as a trade union; standing up for your members.

The Party I lead, the Labour Party, is as the name suggests, a party of workers. But we're also the party of co-operatives, of entrepreneurs, of owner managers who work hard in their businesses.

And that's why it's been a privilege to address you today.

Thank you."