

John McDonnell pre-Budget speech

John McDonnell MP,
Labour's Shadow Chancellor, delivering a speech today in central London on Labour's pre-Budget demands on the Government, said:

*****CHECK AGAINST
DELIVERY*****

Good morning.

Thank you for coming here today.

Next week's Budget has been widely trailed as one of the most significant in recent times.

The Prime Minister and the Chancellor don't agree on much but they do on that.

They both seem to be viewing next week's Budget as an emergency Budget to save their jobs.

We do need an emergency Budget.

But we need an emergency Budget not to save them but to save our public services.

After seven years of austerity under the Tories people are asking what was it all for?

They were told austerity was the solution to the economic crisis.

So it's understandable that after seven years of the austerity solution, they are angry when they queue for hours at A&E, see their school laying off teaching assistants, their Surestart centre closing and the local neighbourhood police withdrawn from their streets.

Especially, while at the same time, they learn about the Paradise Papers and the tax avoidance of the super-rich.

A week on, outrageously neither the Chancellor nor the Prime Minister has managed even a comment.

Its understandable people should raise questions.

In his first year as Chancellor, Philip Hammond has shown that he appears to have no idea what is happening in the real world and how people are feeling.

Before next week we are all hoping he wakes up and appreciates what life is now like for our people.

In particular the state of our public services after seven years of the Conservatives' austerity policies and the struggle many have to go through to make ends meet.

In recent weeks we have been sent stark messages from the front line of our public services.

The Chief Executive of the NHS has warned that five million people will be left on waiting lists if additional funding is not found in this Budget.

A quarter of our nurses are forced to take a second job just to be able to make ends meet yet this Government's plans will mean per head NHS spending is due to fall next year.

In the sixth's richest country on earth we are faced with the damning spectacle of our underpaid nurses being asked to stay behind after 12-hour shifts to give patients extra care just to keep the system from imploding.

For many who have dedicated their lives to public service and our NHS, the strain is becoming too much to bare. They feel they have no alternative but to leave the profession and the NHS now faces the worst recruitment crisis in its history

The heads of our schools are also warning the Prime Minister they have been reduced to "desperate requests to parents for voluntary donations", while schools are facing their first funding cut per pupil in real terms since the 1990s.

One of the heads of our counter terrorism unit has warned that the cuts to local policing are a direct threat to national security and specifically to the fight to keep our streets safe from terrorism.

Locally, councils are being starved of the funds they need to protect our most vulnerable children.

Charities on the frontline have been explicit about the impact of these cuts.

Local authorities have confirmed their services are at "breaking point".

The cuts to parenting classes, children's centres, substance misuse prevention, teenage pregnancy support and short breaks for disabled children risk turning the current crisis into a catastrophe for the next generation of children and families.

The percentage of children living in relative poverty is the highest since records began in 1961.

In the last year alone, almost half a million of our children were provided with a three day emergency food supply from a foodbank.

The lesson is clear.

We can't go on like this.

Austerity doesn't just have to end.

We have to start seriously investing in our public services and in our economy.

It's hard not to survey the last seven years without feeling rising anger.

Just look back at the record.

I remember Philip Hammond's predecessor, George Osborne, newly arrived in Number 11 pushing his own "Emergency Budget" that launched the biggest programme of public spending cuts this country has seen for generations.

We were told, seemingly in all seriousness it was because "the cupboard was bare".

That austerity programme was based on what we can now say quite plainly was at best a myth, at worst an outright lie.

Government debt exploded in 2008 because our bloated financial system imploded.

Yet as the cuts ground on, it was nurses and teachers, and people right across our society – except at the very top – who have paid the price of austerity.

Philip Hammond has been there every step of the way.

As Shadow Chief Secretary to the Treasury, he prepared the grounds for the Government's programme in office.

As a senior member of Conservative-led governments, not once did he break – as some of his own Conservative colleagues did and have done – with the cuts programme.

And now, as Chancellor, he tells us that a programme of austerity he supported, and that was supposed to be over by 2015, will now stretch into the next decade.

The ideology behind this is that the public sector is like a hideous weed that needs to be cut back to prevent it strangling free enterprise.

As if those who work in the private sector don't send their children to publicly-funded schools, or drive on publicly-funded roads, or rely on the publicly-funded NHS when they are sick.

To coin a phrase, we really are all in this together. Cuts to public spending damage the whole of our society.

When a government – as the Tories did – cut research funding by £1bn, it has real economic consequences.

When governments – as the Tories did – cut investment spending by nearly £20bn, it has an impact on business.

Investment in the United Kingdom is the third lowest of any major developed economy, ahead of only Portugal and Greece.

Public spending on transport is the very lowest out of those 35 major developed economies.

Without investment, we don't get the new equipment and technologies that can sustain growth.

It means skilled people and those with talent and ideas across the whole country are not realising their potential, and businesses cannot grow as they wish.

The result is that our whole economy is becoming, relative to other, similar economies, worse and worse at turning ideas, labour and machinery into economic growth.

This is the "productivity crisis" that even this Chancellor has been forced to acknowledge.

In his first Autumn
Statement he loudly bemoaned the “shocking” productivity gap between
ourselves
and comparable countries.

In his first Budget,
earlier this year, he complained about “stubbornly low” productivity.

He lectured the Party
faithful on the point at Conservative conference in October.

I welcome the Chancellor’s
recognition of this, perhaps most serious, economic challenge.

But perhaps it would help
if he also recognised that he is not some concerned bystander.

He has been a senior
member of every government since 2010.

And now, as Chancellor, he
is directly responsible for economic policy.

It is his fault and that
of his colleagues.

Their fault, and theirs
alone that they have not merely failed to address the long-term problems of
our
economy – they have added to them.

The Office for Budget
Responsibility is widely expected to highlight just how bad the situation has
become under the Tories in its report next week.

But official statistics
already paint a grim picture.

Under his and his
predecessor’s watch, the gap between what Britain produces in an hour, and
what
the rest of the G7 produce in an hour, has widened to its largest for more
than
a generation.

Because productivity here
is so poor, we have to work longer hours to compensate.

The average employee in
Britain works over 300 hours more a year than the average employee in
Germany.

That’s equivalent to

nearly 40 full working days a year.

And we don't just work
longer hours.

Most of us now work in
worse conditions, with worse pay.

Real pay is lower than it
was in 2010, and is still falling.

Insecure work is up
one-third since 2010.

There are now three
million jobs in the UK where there is no guarantee of hours or employment
rights.

The scale of this
government's failure needs to be placed in its context.

No generation in living
memory has experienced such a decline in its living standards.

And the younger you are,
the worse that decline becomes.

Those in their twenties
have seen their pay fall by almost 10 per cent since 2010.

To compensate for this,
more and more are forced to borrow more and more on unsecured loans, like
credit cards and payday lending, which has grown nearly 20 per cent in the
last
five years.

Borrowing has helped fuel
a return to weak economic growth.

But even as the economy
has grown, most people are getting poorer.

If most people are not
benefitting from growth, the benefits of growth must be going to someone
else.

It is easy to see where. A
few at the top have done extremely well.

The top ten percent now
own half the nation's wealth.

There are more

billionaires living in London than ever before.

But even as property speculation has boomed, investment in manufacturing is down by more than £2bn since the crash.

So instead of investments in productive enterprises, new ideas and new technology, under the Tories our economy has swung ever more into hoarding unproductive wealth.

The great lie behind austerity was that we had no choice – that cuts were essential because there was no money.

This is a wealthy country, one of the richest in the world.

But that wealth is held in too few hands, and spent for too little purpose.

Even as they have been cutting public services to the bone, they have been offering huge giveaways to the mega-rich and giant corporations.

Tax cuts introduced for both since 2010, including Corporation Tax and Capital Gains Tax, will cost us over £70bn over the next five years.

Every single penny lost in these tax cuts means less money for our public services.

And the Paradise Papers showed, once again, how the super-rich and giant corporations simply refuse to play by the same rules as the rest of us.

The UK is losing at least £16bn a year to tax havens.

Every penny lost means less funding for our public services.

Labour's Tax Transparency and Enforcement Programme is the comprehensive means to close the loopholes and end tax evasion.

The Government could learn from it, instead of throwing about dodgy statistics.

Or introducing loopholes,

like the “controlled foreign company” rule changes, which open the door to tax avoidance that it is now under investigation by the European Commission.

Next week’s Budget cannot be a continuation of the failure for the many that we have witnessed since 2010.

There has to be a genuine and decisive change of course.

This Government may be weak, but Britain doesn’t need to be.

It needs strong, effective action to properly deal with the challenges we face as a nation.

Next week the country needs an ‘emergency Budget’ to alleviate the emergency taking place right now in our public services, and the millions of working households in our country struggling to get by.

Not a Budget desperately designed to save the jobs of a weak Prime Minister and her embattled Chancellor.

Philip Hammond wants you to believe there is nothing that can be done to end these scandals. That the millions more children who will grow up in poverty under this Government due to their changes cannot be prevented.

He wants you to believe that the housing crisis in our country cannot be fixed the way Labour has consistently called for, and even colleagues in his own Cabinet have argued for, by increasing investment to build more housing.

He wants to pretend he cannot invest on the scale needed, yet he has already borrowed more in his first year as Chancellor than any of his predecessors in their first year at the Treasury.

There is a better way than this. But it needs a complete break with past failures.

The Chancellor has the opportunity next week to address the worst consequences of his austerity programme.

Let’s look at some of the key priorities to be addressed.

Since the last Autumn

Statement, the Government has accelerated the roll out of Universal Credit despite evidence it is causing poverty, debt and evictions.

The six week delay in payments has taken some families into outright destitution.

The Trussell Trust has found a 30 per cent increase in foodbank usage in areas where Universal Credit has been rolled out.

And under the guise of reforming the system, the Government have pushed through swingeing cuts now amounting to £3bn a year.

Those cuts will now mean a million more children living in poverty.

By 2021-22, the Institute of Fiscal Studies estimate that more than one in three of our children will be living in poverty as a result of benefit cuts.

In the sixth richest economy on the planet, this is a national disgrace.

It should shame us all. But in particular it should shame this Government.

As the Women's Budget Group's research today confirms, these cuts will mean 5.9 million women living in households eligible for universal credit will lose almost four and half thousand pounds a year by April 2021 as a result of the combined impact of tax and benefit changes introduced since this Government came to office.

The Chancellor has the opportunity to ease the worst burden.

Last month, the House of Commons voted unanimously to pause and fix Universal Credit.

The Children's Commissioner for England is the most recent voice calling for a pause of the bungled Universal Credit rollout.

The Chancellor himself has admitted that there is a "challenge around the waiting times."

He needs to act now to stop thousands of families being pushed into absolute poverty and despair.

The public sector pay cap
has seen the pay of our public sector workers hammered for year after year
since
it was introduced in 2010.

The TUC estimates that
nurses, firefighters and border guards face losing thousands of pounds in
real
terms by 2020 if the Government sticks to its plans.

Midwives, teachers and
social workers will see their pay in real terms drop by more than £3,000.

Our public services cannot
function without staff, and they cannot function well unless those staff are
properly rewarded.

But it's not just
frontline staff. It's those in the back offices who keep our hospitals
running,
or make sure our taxes are collected fairly who also deserve a pay rise after
year upon year of pay cuts.

The Government must end
the public sector pay cap, and do so right the way across the public the
sector.

Schools face the first
funding cuts per pupil in real-terms since the 1990s.

Headteachers have marched
on Downing Street. 5,000 have signed a petition calling for more funding for
their schools.

As local authorities have
been pushed further and further into desperate measures by cuts, they are
beginning to pull back on the essentials.

The Chancellor must
immediately bring forward the funding needed to halt the most serious crises
in
our public services – for the NHS, our schools, and local authority
children's
services.

The housing crisis is
inescapable. Every day brings fresh stories of the misery this has caused.

Homelessness is up 50 per
cent since 2010. Homeownership has collapsed to its lowest level in decades.
Private tenants in England spend nearly half their pay on rent.

Yet the starker the crisis

becomes, the more visible the despair, the more feeble this Government's response has become.

The housing crisis won't be solved by cutting stamp duty on a few housing sales.

Today, the Government is trying to pull the wool over our eyes by trumpeting an accounting change which happened last month.

It won't be solved by accountancy tricks, shuffling Housing Association debt on or off the Government balance sheet.

It will be solved with bricks and mortar.

That means the Chancellor must bring forward genuine new funding to deal with this in next week's Budget.

But since 2010 with Conservative Ministers we've built fewer homes than at any time since the 1920s.

The scale of the crisis demands action on an equal scale. We need at least 100,000 new social homes a-year funded and built by this Government, to even begin to address the problem.

If the Chancellor won't listen to Labour, or the housing experts, or the tens of thousands suffering with sky-high rents in substandard accommodation, perhaps he can listen to his own Communities Minister, and bring forward the funding a major housebuilding programme needs.

And, after the tragedy of Grenfell Tower, the Government must immediately deliver the money required to install sprinklers in every council or housing association block that needs them.

Because the fundamental issue here is that it is investment that will secure the high-paid, high-skill economy of the future.

Investment in our housing. In our transport system. In communications. In scientific research.

The Chancellor claims to

understand this. He has spoken repeatedly of the need for investment to drive up productivity and so secure wages.

Yet he seems to be incapable of recognising the scale of the problem.

Our infrastructure creaks and slowly crumbles. Every business group from the CBI to the Institute of Directors, quite rightly, complains about delays and cancellations.

The Government's record on this is abysmal.

Electrification of the Great Western Railway – delayed, and partially cancelled.

Electrification of Transpennine services – delayed and then cancelled.

The Swansea Tidal Lagoon – dithering, delay, and still no firm answer on whether it will be built at all.

Broadband speeds far below the European average.

The most expensive railways.

The most expensive electricity.

And what little infrastructure spending takes place is overwhelmingly concentrated in just a few spots that are already ahead of the rest.

We want the Chancellor to bring forward the funding needed to make sure that every part of our country benefits.

The infrastructure investment needs to address and close the regional funding gap, and to begin to realise the potential that is out there.

Re-announcements of old schemes, a fixation on rewarding only one part of the country, and the feeble amounts the Chancellor has previously offered will not be enough.

He needs now to show some evidence he has grasped the enormity of the harm this Government has caused to this country.

We face, all of us, as a
country, immense challenges over the next few years.

On every single one of
them, this Government looks not just ill-prepared but incapable.

On Brexit, the Tories are
more concerned with their own petty, factional manoeuvres than anything
resembling
the national interest.

And this Chancellor, in
the words of the Prime Minister's own former advisor this week— is incapable
of
delivering a vision for the country.

As is usual, he and his
colleagues have trailed great expectations for this Budget.

It has been claimed it
will be “revolutionary”.

But as Budget day itself
approaches it becomes clearer and clearer that we have a Chancellor unable to
make the decisive break with the failed past that is needed.

A Chancellor completely
cut off from the world most of us live in.

Great trumpets in the
weekend papers become feeble squeaks at the despatch box.

Every grand claim rings
false, and every promise turns hollow.

Should he fail once more
next week, this is how it will end for him: not with a bang, but with a
whimper.

Ends