

John McDonnell response to the Government's u-turn on £2 billion NICs rise in the Budget

John

McDonnell MP, Labour's Shadow Chancellor,

responding to the Government's u-turn on its £2 billion NICs rise in the Budget

last week, said:

"This

is a humiliating reversal for the Chancellor forced upon him by Labour's opposition. His authority is now shredded after just one Budget, and he tore up

a manifesto commitment to do it.

"We

welcome the Government's decision to finally listen to Labour's calls made in Jeremy Corbyn's Budget response along with those of business groups like the Federation of Small Businesses to not go ahead with an unfair £2bn tax rise on

low and middle earners. But they should never have been placed in this position

to start with, and now we face yet another Tory Budget only a year on with a blackhole in the billions. In 2015, we had the tax credit shambles. In 2016, we

had Personal Independence Payments reversal. Now in 2017 we have the u-turn on

National Insurance Contributions.

"There will be millions of working people who are now breathing a sigh of relief, but it is the Chancellor who should be holding his breath as this episode throws up urgent questions that he and the Cabinet must now answer.

"Did the

Prime Minister or the rest of the Cabinet, who must have seen the Budget in advance and known this measure was to be implemented, raise their concerns with

the Chancellor before he announced it, worrying millions of families? It was in

the weekend papers before the Budget so they can't say they were unaware it was

to happen.

"This is also the second year we have had a Tory Budget with a black hole in it

worth billions. This is not acceptable. What will he do to fill the shortfall

in a Budget he delivered less than a week ago without pursuing unfair tax increases or further cuts to public services? As the Budget will still see working people £1,400 worse off under the Government.

"On the day the Brexit Secretary has admitted that he hasn't looked into the costs of the Prime Minister's negotiating strategy, this is yet more proof that there is disarray at the top of a government clearly making things up as they go along.

"We need answers from the Chancellor and accountability at the top of government. In no workplace would such practices be allowed to continue, and it should not be allowed from those responsible for the public finances. Labour's new roundtable on self-employment will bring together business organisations, trade unions and self-employed groups to lay out a serious and realistic strategy to provide a fair deal for the self-employed at a time of major labour market changes. We are proud to be the party of working people, small businesses, and the self-employed."