

Shadow Chancellor John McDonnell speech to Labour Party Conference

John McDonnell MP, Shadow Chancellor, speaking at the Labour Party Conference in Brighton today, said:

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

I'd like to thank Ken Loach for that wonderful film and thank Ken for his incredible contribution to our movement. Can I also thank the Shadow Treasury Team: Peter Dowd our Shadow Chief Secretary to the Treasury; Anneliese Dodds; Jonathon Reynolds; Denis Tunncliffe; Bryan Davies and my brilliant PPS Karen Lee

Only a few months ago we were 24 points behind in the polls. Our opponents and virtually every political commentator = those two groups are often interchangeable by the way – they predicted that we would be wiped out in the general election.

I said then in interview after interview that the polls would narrow and we would shock them all. Not many believed me. And let's be honest until you saw the exit polls, most of you were pretty on edge too, weren't you?

Before the election, I said that once we entered the election period and broadcasters were legally obliged to give us some semblance of balanced coverage, we would turn the poll ratings around.

Why? Well, first because people would be given a chance to see Jeremy Corbyn for what he is. The honest, principled and, yes, the strong and determined person and leader that he is. And, second, because people would see in our Manifesto what we really stood for and our vision of hope.

And that is what happened. And it's also down to you, our members, whose overwhelming enthusiasm inspired people in their millions to come out and vote for us. I want to thank you all.

So yes, we have proved that we are an effective campaigning Party. We now have to prove that we will be an effective governing party. A Government that can set the political agenda for a

generation.

If you study the history of our Party, you will see that it's always been the role of Labour Governments to lead our country into each new era.

It was the Attlee Labour Government that built a new society from the debris of the bomb sites, in the new era after the Second World War. Those men and women who had endured so much throughout the depression of the 1930s and who had sacrificed so much to defeat fascism, placed their trust in our party.

My Dad was a sergeant in the army and my Mum a welder by day, in a munitions factory, and an ARP warden at night. They came out of the war with that spirit of 1945, inspired in them by the election of a Labour Government.

And the Labour Party fulfilled its promise to them and all the other families by creating the welfare state, providing free education for their children, building them a decent home, investing in an economy based upon full employment. And, of course, creating that jewel in our crown, our NHS.

In the 1960s when the Tories governed this country from their gentlemen's clubs on behalf of the privileged few and held this country back from facing the challenges of the modern era, it was the Wilson Labour Government that recognised the potential of a modern Britain, forged, as he said in "the white heat of the scientific revolution."

For my brother and me, and so many others of our generation, new educational opportunities enabled us to challenge the barriers that had held so many working-class kids back.

And, yes, in 1997, after 18 years of Thatcherism, when whole industries and communities across our country had been destroyed by the Tories and our public services were on their knees, it was the Blair/Brown Government that recognised and delivered the scale of public investment that a 21st century society needed.

We should never forget that we are part of that great Labour tradition and we should be so proud of it.

So as we now enter the next, new era, the era of the fourth industrial revolution, I tell you it is a Corbyn Labour Government that will rescue our country from the long years of austerity. And it will be up to us to lay the foundations of the new world that awaits us.

That new world is being shaped already by the beginnings of the fourth industrial revolution. Huge changes are underway in our society and economy. Technological change is accelerating. This year, Chinese scientists used quantum mechanics to teleport data to a satellite.

We can match that, we've got a Tory Government teleported from the 18th century. We are determined that Britain embraces the possibilities of technological change – scary though that may be. By the middle of this century, it is possible that up to half of all the jobs we do now could be automated away.

The jobs that remain can, if we let them, be exploitative, dangerous, degrading, and dead-end. Or the jobs we create can provide good, secure employment, in work that is fulfilling and meaningful, in communities where pride and prosperity has been restored.

We have already had a foretaste of what this revolution would look like if it was left to the Tories. It is being used to vastly enrich a tiny elite, whilst creating a life for many workers of long hours, low pay, and insecure employment.

There's a choice to be made. We can remain a low-wage economy, specialising in zero hours contracts. Or we can use the state to help shape Britain's future in this new world. We know it can be done.

As the Tories waste time and energy, alienating our closest trading partners, other countries are using state direction of innovation and investment to carve out vital areas of expertise – in robotics, in electronic cars, in cleantech, in the smart city. Though the technologies are new – the British problem is old. The City is not channelling investment into high value, high productivity businesses. Instead, it's channelling investment into property speculation.

It's the rentier economy, where wealth is secured not by what you produce, but by the amount of rent you can charge. So we will change that. We'll put taxpayers' money into key research projects; we'll foster the creation of networks and clusters of expertise. To reconnect the financial sector to the economy of research and development and production, we will transform our

financial system.

Labour will establish a Strategic Investment Board, comprising the Chancellor, Secretary of State for Business and Governor of the Bank of England, to co-ordinate the promotion of investment, employment and real wages.

In our investment strategy, we will no longer accept the disparities between investment in London and the Home Counties and the rest of the country.

This Tory Government plans to invest in the north just one-fifth of what it will spend on transport per head in London.

We will legislate for a fair distribution of investment. We'll devolve decision making through the Regional Development Banks, our Mayors, and regenerate the powers and resources available to local councils.

We'll build Crossrail for the north, connecting our great northern cities from west coast to east, and extend HS2 into Scotland. We'll deliver the funding for Midlands Connect, overhauling transport across the Midlands. And we'll overturn decades of neglect and lack of investment in the South-West. We'll electrify railway lines from Cornwall right through to London.

The storms and flooding sweeping the world in these last few months are yet another environmental wake up call. This country has huge natural, renewable resources. And we have an immense heritage of scientific and engineering expertise. Yet this Government has slashed the funding, the renewables industry needs to find its feet.

Labour will ensure we become world leaders in decarbonising our economy. With a publicly owned energy supply based on alternative energy sources. Where the Tories have dithered and delayed, to deliver zero-carbon electricity, we will absolutely commit for example to building projects like the Swansea Tidal Lagoon.

Ours will only become an economy for the many, if we significantly broaden ownership. That means supporting entrepreneurs, small businesses, the genuinely self-employed and massively expanding worker control and the co-operative sector.

Building an economy for the many also means bringing ownership and control of the utilities and key services into the hands of people who use and work in them. Rail, water, energy, Royal Mail- we're taking them back.

We cannot allow this dynamic vision for our economy to be undermined by the combination of belligerence and incompetence, displayed by the Tories in the current EU negotiations. Our aim is to create a Britain for the many, not the few. Our conscience doesn't end at the English Channel. We also want a Europe for the many, not the few.

That's why, whilst respecting the referendum decision, we will work with our partners across Europe to create a new European future, based upon collaboration and co-operation.

But we start with addressing the brutal treatment of EU citizens by this Government. We demand that the rights of EU citizens in this country are fully protected, just as we wish to secure the rights of UK citizens in other EU countries.

And I warn the Tories if they try to water down, or undermine protections we have secured on employment, consumer or environmental rights, we will give them the political battle of their lives.

As we go into Government, you know we will have to clear up the mess the Tories will have left us. After their long years of austerity, the Tories are leaving a society steeped in debt and scarred by low pay and insecurity, with our public services in meltdown. We will commission a thorough review of the scale, causes and responses to debt. But action is needed fast.

First, we will do what the Tories have failed to do, and bring the Government's deficit and debt under effective control. The Tories have borrowed more than any Labour Government ever.

On arrival in office, we will set out plans to eliminate the deficit and reduce debt, based upon our Fiscal Credibility Rule. For each policy in our Manifesto, we are preparing detailed implementation plans. To pay for our public services, we will close the tax loopholes and avoidance scams used by the mega-rich, and we will make sure the rich and the giant corporations pay their way.

Many people are also forced into debt by low wages. It cannot be right that we are the only major developed economy to have grown, while wages are lower than they were before the crash ten years ago. And as inflation hits, many workers are facing yet another real-terms cut in their pay, while the pay of FTSE 100 Chief Executives is 160 times that of the average worker.

In the election campaign Theresa May was asked why nurses were being forced to resort to foodbanks and she replied

that
the issue was complex. It isn't complex. It's simple. They just aren't being paid enough.

That's why we insist the pay cap is scrapped once and for all and not just for some, but for everybody. And we demand decent wages for all workers. Britain deserves a pay rise. It's why we will introduce a real living wage of £10 an hour. We will introduce pay ratios at the top. We will address the gender pay gap that leaves women's wages still trailing men's by 14%. And we will ensure every piece of legislation will be measured against its impact on women before implementation.

I am proud to support those brave young people who are campaigning for decent wages now, and those who have joined the Bakers' Union, to take on the might of McDonalds. Be clear, we will restore basic employment rights, repeal the Tories Trade Union Act, set up a new Ministry of Labour and restore collective bargaining.

As wages have fallen behind, more and more families are being pushed deeper into debt. Household debt in this country stands at the record level of more than £1.8 trillion. We have seen with pay day loans; some companies were making massive profits from people's financial difficulties.

Under Labour pressure, the Government was forced to cap interest payments on payday loans. But more than 3 million credit card holders are trapped by their debt. They've paid more in interest charges and fees than they originally borrowed. The Financial Conduct Authority has argued for action to be taken on credit card debt as on pay day loans.

I am calling upon the Government to act now and apply the same rules on payday loans to credit card debt. It means that no-one will ever pay more in interest than their original loan. If the Tories refuse to act, I can announce today that the next Labour Government will amend the law. Call it the McDonnell amendment.

Some of the heaviest debt burden has fallen on young people. The Tories tripled tuition fees and allowed the Student Loans Company to hike up interest rate charges. Young people are now leaving university with £57,000 worth of debt. That's why we put forward our fully-costed commitment to scrap tuition fees.

And we will.

The Tories, with the connivance of the

Liberal Democrats, have created a totally unsustainable situation. Three quarters of students will never fully repay their loans. So it's not just bad for students; it's a bad deal for the taxpayer too.

As a result of Labour pressure, the Government is now being forced into discussing reducing interest rates or raising repayment thresholds. If they bring forward effective proposals we will support them. But that won't go nearly far enough. We can't afford another five years of spiralling student debt.

According to the Institute for Fiscal Studies, and our independent research, writing off the Tories' student debt now would cost £10bn by 2050. Waiting until 2022 could treble the cost of a write off. I am calling on the Chancellor to act now, before the situation becomes unmanageable.

It's the Tories who have got young people into this mess, they should take some responsibility for getting them out of it.

It's not just students and households with credit cards who are being ripped off. The scandal of the Private Finance Initiative, launched by John Major, has resulted in huge, long-term costs for tax payers, whilst handing out enormous profits for some companies. Profits which are coming out of the budgets of our public services.

Over the next few decades, nearly two hundred billion is scheduled to be paid out of public sector budgets in PFI deals. In the NHS alone, £831m in pre-tax profits have been made over the past six years. As early as 2002 this Conference regretted the use of PFI.

Jeremy Corbyn has made it clear that, under his leadership, never again will this waste of taxpayer money be used to subsidise the profits of shareholders, often based in offshore tax havens. The Government could intervene immediately to ensure that companies in tax havens can't own shares in PFI companies, and their profits aren't hidden from HMRC.

We'll put an end to this scandal and reduce the cost to the taxpayers. How? We have already pledged that there will be no new PFI deals signed by us. But we will go further. I can tell you today, it's what you've been calling for.

We'll bring existing PFI contracts back in-house.

The Tories have tried to change people's view of what is normal and acceptable in our society. They want us to accept that in the fifth richest country in the world it's normal and acceptable for people to be saddled with debt; for people to have to work long, often insecure, hours, stressed out, struggling to find time with their family; for people not to have a pay rise for years no matter how dedicated you are or how hard you work; for young people to have no prospect of owning their own home; for disabled people to be pushed to the edge by the benefits system; or for carers to be struggling without support or recognition.

Let's make it clear – we will never accept that this is normal or acceptable.

Yes we will increase GDP, close the current account deficit and increase productivity. But life is not just about statistics. As Bobby Kennedy said almost 50 years ago:

“The gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry.” (18 March 1968)

The performance of our Government will be measured by the care we show to all our people and the richness of their lives.

We proved in the election, and we will now go on to prove in Government, our belief that:

Hope will always overcome fear.

Kindness and generosity will always overcome greedy self-interest.

And that the flame of solidarity in our society will never be extinguished.

For years we have proclaimed that “Another World is Possible.”

I tell you now, that world is not just possible, it is in sight.

Let's create it together.